



North Valley Resources Ltd.

Notice of Annual General and Special Meeting of Shareholders

(to be held on Monday, April 25, 2023 at 11:00 AM (Vancouver Time)
at 255 Battle Street West, Kamloops, BC, V2C1G8)

Management Information Circular

Dated as at March 24, 2023

NORTH VALLEY RESOURCES LTD.
NOTICE OF ANNUAL GENERAL and SPECIAL MEETING

TO THE SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual General and Special Meeting (the “**Meeting**”) of shareholders of North Valley Resources Ltd. (the “**Company**”) will be held **at their offices at 255 Battle Street West, Kamloops, BC V2C 1G8, on April 25, 2023, at the hour of 11:00 a.m.** (Vancouver Time) for the following purposes:

1. to receive the audited financial statements of the Company for the fiscal year ended September 30, 2022 and the accompanying reports of the auditors;
2. to set the number of directors of the Company at four (4);
3. to elect the directors of the Company;
4. to re-appoint DMCL LLP, Chartered Professional Accountants, as the independent auditors of the Company until the 2023 annual general meeting and to authorize the directors to fix their remuneration;
5. to consider and, if thought fit, to pass, with or without variation, an ordinary resolution to approve the Company’s Stock Option Plan as further described in the accompanying information circular (the “**Circular**”); and
6. to transact such other business as may properly come before the Meeting and any adjournment or postponement thereof.

The accompanying Circular provides additional information relating to the matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, this Notice of Meeting.

The Company’s Board of Directors has fixed March 16, 2023 as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and at any adjournment or postponement thereof (the “**Record Date**”). Each registered shareholder at the close of business on the Record Date is entitled to such notice and to vote at the Meeting in the circumstances set out in the accompanying Circular. All Shareholders are reminded to review the Circular before voting.

In light of ongoing concerns related to the spread of COVID-19, and in order to mitigate potential risks to the health and safety of the Company's employees, shareholders are strongly encouraged to vote on the matters before the Meeting by proxy BEFORE 11:00 a.m. (Vancouver time) on April 21, 2023, rather than attending the meeting in person. Accordingly, participants are encouraged to vote on the matters before the meeting by proxy and to join the annual meeting by [teleconference. To listen to the meeting by teleconference, dial toll free at +1 289-315-8242 PIN: 917 863 836#.

If you are a registered shareholder of the Company and unable to attend the Meeting in person, please complete, date and sign the accompanying form of proxy and deposit it with the Company’s transfer agent, Odyssey Trust Company, in accordance with the instructions provided in the form of proxy at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) before the time and date of the Meeting or any adjournment or postponement thereof.

If you are a non-registered shareholder of the Company and received this Notice of Meeting and accompanying materials through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the Income Tax Act (Canada), or a nominee of any of the foregoing that holds your securities on your behalf (an “**Intermediary**”), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

Shareholders are encouraged to vote your proxy by mail, internet or telephone. You will need the control number contained in the accompanying form of proxy in order to vote. To be valid, your proxy must be received by the Company's transfer agent, Odyssey Trust Company, no later than **11:00 a.m. (Vancouver time) on April 21, 2023**, or no later than 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the date on which the Meeting or any postponement or adjournment thereof is held.

DATED at Vancouver, British Columbia, this 24th day of March, 2023.

By Order of the Board of Directors of
NORTH VALLEY RESOURCES LTD.

"Kenneth Ellerbeck"

Chief Executive Officer and Director

TABLE OF CONTENTS

APPOINTMENT OF PROXYHOLDER	1
VOTING BY PROXY	1
COMPLETION AND RETURN OF PROXY	2
NON-REGISTERED HOLDERS.....	2
REVOCABILITY OF PROXY.....	2
VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF.....	3
ELECTION OF DIRECTORS.....	3
EXECUTIVE COMPENSATION	7
EXERCISE OF COMPENSATION SECURITIES BY DIRECTORS AND NEOS	12
SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS	13
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS.....	14
INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON	14
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS	15
APPOINTMENT OF AUDITORS	15
MANAGEMENT CONTRACTS	15
AUDIT COMMITTEE	15
CORPORATE GOVERNANCE DISCLOSURE	17
PARTICULARS OF OTHER MATTERS TO BE ACTED UPON.....	18
ADDITIONAL INFORMATION.....	19
OTHER MATTERS.....	19
AUDIT COMMITTEE CHARTER.....	A

**NORTH VALLEY
RESOURCES LTD.** (the
"Company" or "North Valley")
255 Battle Street West, Kamloops,
B.C. V2C 1G8 (778) 239-3826

INFORMATION CIRCULAR
(as at March 24, 2023, except as indicated)

The Company is providing this information circular (the "**Information Circular**") and a form of proxy in connection with management's solicitation of proxies for use at the annual general and special meeting (the "**Meeting**") of the Company to be held on Monday, April 25, 2023, at [11:00] a.m. (Vancouver Time) and at any adjournments. Unless the context otherwise requires, when we refer in this Information Circular to the Company, its subsidiaries are also included. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation. All financial information is in \$CAD unless otherwise noted. All references to financial results are based on the Company's financial statements, prepared in accordance with International Financial Reporting Standards (IFRS).

APPOINTMENT OF PROXYHOLDER

The purpose of a proxy is to designate persons who will vote the proxy on a shareholder's behalf in accordance with the instructions given by the shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or directors of the Company (the "**Management Proxyholders**").

A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.

VOTING BY PROXY

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly.

If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.

The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

COMPLETION AND RETURN OF PROXY

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, **Odyssey Trust Company, Proxy Department, United Kingdom Building, 350 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2** not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

NON-REGISTERED HOLDERS

Only shareholders whose names appear on the records of the Company as the registered holders of shares or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are "non-registered" shareholders because the shares they own are not registered in their names but instead registered in the name of a nominee such as: a brokerage firm through which they purchased the shares; a bank, trust company, trustee or administrator of self-administered RRSPs, RRIFs, RESPs and similar plans; or a clearing agency (a "**Nominee**"). If you purchased your Shares through a broker, you are likely a non-registered holder.

In accordance with securities regulatory policy, the Company has distributed copies of the Meeting materials, being the Notice of Meeting, this Information Circular and the form of proxy, to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your shares are voted at the Meeting.

If you are a non-registered holder and wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy form provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

In addition, Canadian securities legislation now permits the Company to forward meeting materials directly to "non-objecting beneficial owners". These security-holder materials are being sent to both registered and non-registered holders. If you are a non-registered holder, and the Company or its agent has sent these materials directly to you (instead of through a Nominee), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Nominee holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

REVOCABILITY OF PROXY

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a registered shareholder, his attorney authorized in writing or, if the registered shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting. Only registered shareholders have the right to revoke a proxy. Non-registered holders who wish to change their vote must, at least 7 days before the Meeting, arrange for their Nominees to revoke the proxy on their behalf.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares ("**Shares**"). As of close of business on March 25, 2023, there were 10,075,000 Shares issued and outstanding, each carrying the right to one vote per Share held.

To the knowledge of the directors and executive officers of the Company, the following are the only persons that beneficially own, control or direct, directly or indirectly, Shares carrying 10% or more of the voting rights attached to all Shares issued and outstanding in the share capital of the Company.

Name	Type Of Ownership	Number of Shares Owned, Controlled or Directed	% of Shares Outstanding
Kenneth Ellerbeck ¹ , an officer and director of the Company	Registered/Beneficial	1,787,500	17.7%
Quinn Ellerbeck ¹ , an officer and director of the Company	Registered/Beneficial	1,587,500	15.8%
Lacombe Ventures Ltd. ²	Registered/Beneficial	1,200,000	12%

Notes:

(1) Percentage is based on 10,075,000 Shares issued and outstanding as of the date of this Circular.

(2) Lacombe Ventures Ltd. is owned and controlled by Ken Ellerbeck and Quinn Ellerbeck.

(3) On a fully-diluted basis, Ken Ellerbeck holds 1,987,500 Shares, representing 18.6% of 10,675,000 Shares on a fully diluted basis.

(4) On a fully-diluted basis, Quinn Ellerbeck holds 1,787,500 Shares, representing 16.7% of 10,675,000 Shares on a fully diluted basis.

ELECTION OF DIRECTORS

The directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting, their resignation or until their successors are elected or appointed. Shareholder approval will be sought to fix the number of directors of the Company at four (4).

In the absence of instructions to the contrary, the enclosed proxy will be voted by the Management Proxyholders for the nominees of management herein listed.

Management of the Company proposes to nominate each of the following persons for election as a director. Information concerning such persons, as furnished by the individual nominees, is as follows

<i>Name, Jurisdiction of Residence and Position</i>	<i>Director Since</i>	<i>Principal Occupation or employment and, if not a previously elected director, occupation during the past 5 years</i>	<i>Number of Securities Beneficially Owned, Controlled or Directed, Directly or Indirectly</i>
Kenneth Ellerbeck, British Columbia, Canada, <i>Chief Executive Officer, Director</i>	January 26, 2012	Kenneth Ellerbeck is a Partner and Director of Lacombe Ventures Ltd. (October 3, 2019 to present). He is also an Associate at Colliers International (July 2017 to present).	2,387,500 Common Shares(2) 200,000 stock options
Quinn Ellerbeck, British Columbia, Canada, <i>Chief Financial Officer, Director, Corporate Secretary</i>	May 1, 2020	Quinn Ellerbeck is a Partner and Director of Lacombe Ventures Ltd. (October 3, 2019 to present). He is also the Owner and Principal Consultant of Lacombe Advisory Services Inc (July 30, 2012 to present)	2,187,500 Common Shares(2) 200,000 stock options
Robert Thompson ¹ , British Columbia, Canada, <i>Director</i>	October 7, 2020	Robert Thompson is President of RIT Minerals (RITM) Corp. (October 1, 2015 to present)	0 Common Shares 100,000 stock options
Brian May ¹ , British Columbia, Canada, <i>Director</i>	May 6, 2021	Brian May is an Exploration Manager for Sabina Gold & Silver Corp. He also served as Chief Executive Officer & Chief Geoscientist of Triumph Gold Corp. (November 2020 to July 2022), Senior Geologist with Elko Mining Group LLC. (August 2018 to October 2020), and Ore Control Geologist with Western Mesquite Mines Inc. (September 2016 to August 2018).	0 Common Shares 100,000 stock options

(1) Member of the Audit Committee. Robert Thompson is the Chair of the Audit Committee.

(2) Half of the 1,200,000 Common Shares held by Lacombe Ventures are included in the ownership for each of Kenneth Ellerbeck and Quinn Ellerbeck.

About the Directors:

Kenneth Ellerbeck, Chief Executive Officer and a Director of the Company, is a strategist in the areas of mineral exploration and real estate development and sales. Mr. Ellerbeck possesses experience in the development of private and public companies, and has held various corporate roles including CEO and President. He holds a PMP designation and a Bachelor of Science in Mechanical Engineering from the University of Alberta. Mr. Ellerbeck is a Partner and Director of Lacombe Ventures Ltd. (October 3, 2019 to present) and is also an Associate at Colliers International (July 2017 to present). Mr. Ellerbeck has been actively involved in all aspects of resource exploration in the Province of British Columbia since 1980.

Quinn Ellerbeck, Chief Financial Officer, Corporate Secretary, and a Director of the Company, is a strategist in the area of new venture development and is actively involved in the creation of new companies in the natural resources, clean energy, and real estate industries through his consulting company, Lacombe Ventures Ltd. Previously, Mr. Ellerbeck was involved in the development of high-technology hardware and software products for over 10 years and held senior positions at Intel Corp. and BlackBerry Ltd. He holds an MBA in Finance and a Bachelor of Commerce from the University of British Columbia. Quinn Ellerbeck is a Partner and Director of Lacombe Ventures Ltd. (October 3, 2019 to present) and the Owner and Principal Consultant of Lacombe Advisory Services Inc. (July 30, 2012 to present).

Dr. Robert Thompson, a Director of the Company, is a professional geologist and has been actively consulting to the mineral exploration industry since 2008 as President of RIT Minerals Corp. He has previous experience as a public company director with First Americas Gold Corp., was senior geologist for Northern Vertex Mining Corp. and Ruby Red Resources Corp., and acted as technical advisor to Kingsman Resources Inc. and First Americas Gold Corp. He holds a PhD and BSc in Geology from Queen's University and is a graduate of the SME Enterprise Board Effectiveness Program at the University of Toronto, School of Business. RIT Minerals Corp., with its partners, have made two base metal discoveries in British Columbia. Robert Thompson has served as President of RIT Minerals (RITM) Corp. from October 1, 2015 to present.

Brian May, a Director of the Company, is a professional geologist with over 15 years of mineral exploration, mining project evaluation, advanced geological modeling, technical writing, and production geology experience throughout BC, Nevada, Arizona, and California. He holds a Bachelor of Science from Simon Fraser University. Brian May is currently and Exploration Manager with Sabina Gold & Silver Corp. Previously, Brian was the Chief Executive Officer and Chief Geoscientist for Triumph Gold Corp. (November 14, 2020 – July 2022), Senior Geologist for Elko Mining Group (August 2018 to October 2020), Ore Control Geologist for Western Mesquite Mines Inc. (September 2016 to August 2018), Consulting Geologist for Nicola Mining (April 2015 to September 2016), and Exploration Geologist for New Gold Inc. (February 2012-December 2015). Brian May has been a registered professional geoscientist with the Association of Professional Engineers and Geoscientists of British Columbia since 2013.

No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the Company acting solely in such capacity.

To the knowledge of the Company, no proposed director:

(a) is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer ("CEO") or chief financial officer ("CFO") of any company (including the Company) that:

(i) was the subject, while the proposed director was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or

(ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any

exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO of such company but which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO or CFO of such company; or

(b) is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or

(d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

To the knowledge of the Director, no director of the Company holds directorships in other reporting issuers.

EXECUTIVE COMPENSATION

In this section “Named Executive Officer” (“NEO”) means the Chief Executive Officer (“CEO”), the Chief Financial Officer (“CFO”) and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed fiscal year and whose total compensation was more than \$150,000, as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year.

For purposes of this disclosure, Kenneth Ellerbeck, CEO, and Quinn Ellerbeck, CFO and Corporate Secretary, are each a NEO of the Company.

Compensation Discussion and Analysis

The Company does not have a compensation program other than paying consulting fees and incentive bonuses. The compensation of the executive officers is determined by the Board, based in part on recommendations from the Chief Executive Officer. The Board recognizes the need to provide a compensation package that will attract and retain qualified and experienced executives, as well as align the compensation level of each executive to that executive’s level of responsibility. The objectives of the Company’s compensation policies and practices are:

- to reward individual contributions in light of the Company’s performance;
- to be competitive with the companies with whom the Company competes for talent; • to align the interests of the executives with the interests of the shareholders; and
- to attract and retain executives who could help the Company achieve its objectives.

During the most recent financial year ended September 30, 2022, the Company paid \$30,000 in management fees to Lacombe Ventures Ltd, a company controlled by the CEO and CFO.

Effective January 4, 2021, as amended and restated on May 1, 2021, the Company entered into a Management and Consulting Agreement with Lacombe Ventures Ltd., pursuant which Lacombe Ventures Ltd. shall provide certain

management and consulting services to the Company. These services include administering and supervising the finances of the Company, selecting contractors, supervising the purchase and leasing of materials, supplies, and equipment, managing contracts, assisting with all legal actions, maintaining the assets of the Company, providing the Issuer with a general office, and making any payments on behalf of the Company. Each of Quinn Ellerbeck and Ken Ellerbeck own and control 50% of the voting shares of Lacombe Ventures Ltd. and both are directors of the Issuer. The Company shall pay Lacombe Ventures Ltd. a monthly fee of \$2,500, payable in advance, with the first payment being on the first day of the month in which the securities of the Company trade on a securities exchange.

Philosophy

The objectives of consulting fees are to recognize market pay and acknowledge the competencies and skills of individuals. The rate established for each executive officer is intended to reflect each individual's responsibilities, experience, prior performance and other discretionary factors deemed relevant by any compensation committee that may be formed in future. In deciding on the consulting fee portion of the compensation of the executive officers, major consideration is given to the fact that the Company is an early stage exploration company and does not generate any material revenue and must rely exclusively on funds raised from equity financings. In the future, the objectives of incentive bonuses in the form of cash payments will be designed to add a variable component of compensation, based on corporate and individual performances for executive officers and employees. The objectives of the stock option will be to reward achievement of long-term financial and operating performance and focus on key activities and achievements critical to the ongoing success of the Company. The Company has no other forms of compensation, other than payments made from time to time to individuals or companies they control for the provision of consulting services. Such consulting services are paid for by the Company, to the best of its ability, at competitive industry rates for work of a similar nature by reputable arm's length service providers. Actual compensation will vary based on the performance of the executives relative to the achievement of goals and the price of the Company's securities, as well as the financial condition of the Company.

Compensation Components

The compensation of the NEOs comprises primarily of: (i) consulting fees; and (ii) long-term incentive in the form of stock options granted in accordance with the Stock Option Plan.

In establishing levels of compensation and granting stock options, the comparable levels of remuneration paid to NEOs of other companies of comparable size and development within the mining exploration and development industry are considered. In establishing NEO remuneration and the granting of stock options, the Company identified three companies which would comprise the benchmark group, consisting of companies about which the Company was knowledgeable, so as to more accurately assess the components of the benchmark in relation to such companies. The components of the benchmark are: market capitalization; number of properties owned or optioned; property activity levels; number of jurisdictions in which the Company is operating; number of employees; condition of balance sheets; compensation and option plans; and planned activities for calendar year. The companies in the benchmark group are at similar stages of development as the Company, and with exploration plans of a similar magnitude in the calendar year as those of the Company. The companies in the benchmark group are Baden Resources, Hi-View Resources, and Mongoose Mining.

The Company also relies on the experience of its members as officers and directors of other companies in similar lines of business as the Company in assessing compensation levels. Certain of these other companies are noted above. The purpose of this process is to:

- understand the competitiveness of current pay levels for each executive position relative to companies with similar business characteristics;
- identify and understand any gaps that may exist between actual compensation levels and market compensation levels; and
- establish a basis for developing salary adjustments and short-term and long-term incentive awards for approval of the Company.

To date, no specific formulas have been developed to assign a specific weighting to each of these components. Instead, the independent directors consider the Company's performance and determine compensation based on this assessment.

Consulting Fees

The independent directors approve the consulting fees for the NEOs. The review for each NEO is based on an assessment of factors such as current competitive market conditions, compensation levels within the peer group and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual. The directors, using this information, together with budgetary guidelines and other internally generated planning and forecasting tools, performs an annual assessment of the compensation of all executive and employee compensation levels.

Stock Option Plan

On October 15, 2020, the Board of Directors adopted a stock option plan (the “**Stock Option Plan**”) under which Options may be granted to the Company's directors, officers, employees and consultants. The maximum number of Options which may be granted to any one holder under the Stock Option Plan within any 12-month period is 10% of the number of issued and outstanding Shares (unless the Company has obtained disinterested shareholder approval if required by applicable laws). In addition, the maximum number of Options which may be granted to any one consultant within any 12-month period must not exceed 5% of the number of issued and outstanding Shares. If required by applicable laws, disinterested shareholder approval is required to the grant to related persons, within a 12-month period, of a number of Options which, when added to the number of outstanding Options granted to related persons within the previous 12 months, exceed 10% of the issued Shares

The expiry date of an Option shall be no later than the tenth anniversary of the grant date of such Option and the exercise price of any Option issued under the Stock Option Plan shall not be less than the Market Value (as defined in the Stock Option Plan) of the Shares as of the grant date. Pursuant to the Stock Option Plan, the Board may from time to time authorize the issue of options to directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries. The Stock Option Plan contains no vesting requirements, but permits the Board to specify a vesting schedule in its sole discretion.

All options granted to NEOs are approved by the Board. In monitoring option grants, the Company takes into account the level of options granted by comparable companies for similar levels of responsibility and considers each NEO or employee based on reports received from management, its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value. The Company also takes in to account previous grants of options-based awards when considering new grants.

In addition to determining the number of options to be granted pursuant to the methodology outlined above, the Company also makes the following determinations subject to, and in accordance with, the provision of the Stock Option Plan:

- the exercise price for each option granted;
- the date on which each option is granted;
- the vesting terms for each option; and
- the other material terms and conditions of each option grant

Option-based awards

The incentive stock option portion of the compensation will be intended to provide the executive officers of the Company with a long-term incentive in developing the Company's business. Options to be granted under the Stock Option Plan will be approved by the Board, and if applicable, its subcommittees, after consideration of the Company's overall performance and whether the Company has met targets set out by the executive officers in their strategic plan. All previous grants of option-based awards will be taken into account when considering new grants.

Compensation Risk Management

The Board considers the implications of the risks associated with the Company's compensation policies and practices when determining rewards for its officers and Directors. The Board intends to review at least once annually the risks, if any, associated with the Company's compensation policies and practices at such time.

Executive compensation is comprised of both short-term compensation in the form of a base salary/fee and long-term ownership through the grant of stock options. This structure ensures that a significant portion of executive compensation (stock options) is both long-term and "at risk" and, accordingly, is directly linked to the achievement of business results and the creation of long-term shareholder value.

The Board also has the ability to set out vesting periods in each stock option agreement. As the benefits of such compensation, if any, are not realized by officers and Directors until a significant period of time has passed, the ability of officers to take inappropriate or excessive risks that are beneficial to their compensation at the expense of the Company and the shareholders is extremely limited. Furthermore, all elements of executive compensation are discretionary. As a result, it is unlikely an officer would take inappropriate or excessive risks at the expense of the Company or the shareholders that would be beneficial to their short-term compensation when their long-term compensation might be put at risk from their actions.

Due to the relatively small size of the Company and its current management group, the Board is able to closely monitor and consider any risks which may be associated with the Company's compensation policies and practices. Risks, if any, may be identified and mitigated through regular Board meetings during which financial and other information of the Company is reviewed. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

The Company has not adopted a formal policy forbidding directors or officers from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by directors or officers.

Summary Compensation Table

The following table, presented in accordance with National Instrument Form 51-102F6V, provides a summary of the compensation paid by the Company and/or its subsidiaries to each NEO and director of the Company for the two most recently completed financial years ended on September 30, 2022 and 2021. Options and compensation securities are disclosed under the heading "Outstanding Option Based Awards" of this Circular:

Name and position	Year Ended	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Ken Ellerbeck,	September 30, 2022	Nil	Nil	Nil	Nil	Nil	Nil
Chief Executive Officer	September 30, 2021	Nil	Nil	Nil	Nil	Nil	Nil

Name and position	Year Ended	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Quinn Ellerbeck,	September 30, 2022	Nil	Nil	Nil	Nil	Nil	Nil
Chief Financial Officer and Secretary	September 30, 2021	Nil	Nil	Nil	Nil	Nil	Nil
Dr. Robert Thompson, Director	September 30, 2022	Nil	Nil	Nil	Nil	Nil	Nil
	September 30, 2021	N/A	N/A	N/A	N/A	N/A	N/A
Brian May, Director	September 30, 2022	Nil	Nil	Nil	Nil	Nil	Nil
	September 30, 2021	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Includes the dollar value of cash and non-cash base salary paid or accrued during a financial year covered.

Incentive Plan Awards

The Company does not have any incentive plans pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period is awarded, earned, paid or payable to the NEOs, nor any share-based award plan under which equity-based instruments that do not have option-like features can be issued.

The Company has the Stock Option Plan, pursuant to which stock options may be granted to officers, directors, employees and service providers of the Company. See "Stock Option Plan" above.

Outstanding Option-Based Awards

The following table sets forth all compensation securities granted or issued to each of the NEO and directors outstanding at the end of the most recently completed financial year:

Compensation Securities							
Name and Position	Type of Compensation	Number of securities, number of underlying securities, and percentage class	Date of issue or grant	Issue, conversion, or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security on date at year end (\$)	Expiry Date
Kenneth Ellerbeck, CEO, Director	Options	200,000	October 15, 2020	\$0.10	N/A	\$0.10	October 14, 2025
Quinn Ellerbeck, CFO, Director	Options	200,000	October 15, 2020	\$0.10	N/A	\$0.10	October 14, 2025

Robert Thompson, Director	Options	100,000	October 15, 2020	\$0.10	N/A	\$0.10	October 14, 2025
Brian May, Director	Options	100,000	May 6, 2021	\$0.10	N/A	\$0.10	May 6, 2026

EXERCISE OF COMPENSATION SECURITIES BY DIRECTORS AND NEOS

The following compensation securities were exercised by NEOs or director of the Company in the most recently completed financial year:

Exercise of Compensation Securities by NEOs and Directors							
Name and Position	Type of Compensation	Number of underlying securities, exercised	Exercise price per security	Date of exercise	Closing price of security or underlying security on date of grant (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Kenneth Ellerbeck	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Quinn Ellerbeck	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Robert Thompson	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Brian May	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Pension Plan Benefits

The Company does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

Termination and Change of Control Benefits

The Company does not have agreements in place with its directors and officers that provide for payment of severance in lieu of notice in the event of termination or deemed termination or failure to renew their respective employment contracts.

Director Compensation

The Company has no standard arrangement pursuant to which directors are compensated by the Company, for their services in their capacity as directors other than the unissued treasury shares that may be issued upon the exercise of the directors' incentive stock options. There has been no other arrangement pursuant to which directors are compensated by the Company in their capacity as directors.

No amounts of compensation were provided to the directors for the Company's most recently completed financial year, other than options pursuant to the Stock Option Plan.

Incentive Plan Awards - Outstanding Option-Based Awards

The Company does not have an incentive plan pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period is awarded to directors.

The Company's Stock Option Plan provides for the granting of incentive stock options to the officers, employees and directors. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the directors of the Company and to closely align the personal interests of such persons to that of the shareholders. See "Stock Option Plan" above.

The table under the heading "Outstanding Option-Based Awards" on page 10 sets out all option-based awards outstanding to directors who are not also NEOs as at the end of the last financial year.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information

The following table sets forth the Company's compensation plans under which equity securities are authorized for issuance as at the end of the most recently completed financial year, September 30, 2021:

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance equity compensation plans (excluding securities reflected in column (a) (c) ¹
Equity compensation plans approved by shareholders	600,000	\$ 0.10	475,000
Equity compensation plans not approved by shareholders	NIL	NIL	NIL
Total	600,000	\$ 0.10	475,000

(1)As at September 30, 2021, the total number of securities issued by the Company was 10,075,000. The total number of securities available for issue under the 10% rolling Stock Option Plan as at September 30, 2021 was 1,075,000. To date a total of 600,000 options have been awarded to Directors, Officers, employees, and consultants of the Company.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at September 30, 2022, there was no indebtedness outstanding of any current or former director, executive officer or employee of the Company or its subsidiaries which is owing to the Company or its subsidiaries, or which indebtedness is owing to another entity and is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries, whether entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, no proposed nominee for election as a director of the Company and no associate of such persons:

- (i) is, or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or any of its subsidiaries; or

(ii) is indebted to another entity, which indebtedness is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries, whether in relation to a securities purchase program or other program.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year, no proposed nominee of management of the Company for election as a director of the company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person or proposed director of the Company, and no associate or affiliate of such persons, has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company or any of its subsidiaries.

APPOINTMENT OF AUDITORS

DMCL LLP, Chartered Professional Accountants, of Suite 1500, 1140 West Pender Street, Vancouver, B.C. V6E 4G1, are the auditors of the Company. Unless otherwise instructed, **the proxies given pursuant to this solicitation will be voted for the appointment DMCL LLP, Chartered Professional Accountants**, as the independent auditors of the Company to hold office for the ensuing year at remuneration to be fixed by the directors.

MANAGEMENT CONTRACTS

Except as set out herein, no management functions of the Company are performed to any substantial degree by a person other than the directors or executive officers of the Company.

AUDIT COMMITTEE

The Audit Committee Charter may be found in Schedule "A".

Composition of the Audit Committee

The following are the members of the Audit Committee:

Name of the Member	Independent ⁽¹⁾	Financially Literate⁽¹⁾
Quinn Ellerbeck	Not Independent	Financially Literate
Robert Thompson	Independent	Financially Literate
Brian May	Independent	Financially Literate

⁽¹⁾ As defined by National Instrument 52-110 ("NI 52-110").

Relevant Education and Experience

The education and experience of each member of the Audit Committee relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

1. an understanding of the accounting principles used by the Company to prepare its financial statements

2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting.

The members of the Audit Committee are as follows:

Quinn Ellerbeck – Quinn Ellerbeck is a strategist in the area of new venture development and is actively involved in the creation of new companies in the natural resources, clean energy, and real estate industries through his company, Lacombe Ventures Ltd. Previously, Mr. Ellerbeck was involved in the development of high-technology hardware and software products for over 10 years and held senior positions at Intel Corp. and BlackBerry Ltd. He holds an MBA in Finance and a Bachelor of Commerce from the University of British Columbia. Through his education and experience with developing products and new ventures, Mr. Ellerbeck has an understanding of financial reporting requirements respecting financial statements sufficient enough to enable him to discharge his duties as an audit committee member.

Dr. Robert Thompson – Dr. Robert Thompson is a professional geologist and has been actively consulting in the mineral exploration industry since 2008 as President of RIT Minerals Corp. He has previous experience as a public company director with First Americas Gold Corp., was senior geologist for Northern Vertex Mining Corp. and Ruby Red Resources Corp., and acted as technical advisor to Kingsman Resources Inc. and First Americas Gold Corp. He holds a PhD and BSc in Geology from Queen's University and is a graduate of the SME Enterprise Board Effectiveness Program at the University of Toronto, School of Business. As such, Mr. Thomson is very familiar with financial statements and complex accounting issues and is financially literate.

Brian May – Brian May is a professional geologist and has been active in the mining and mineral exploration industries for over 15 years. Brian is currently the Chief Geoscientist for Triumph Gold Corp., and has recently held positions with Elko Mining Group, New Gold Inc., and Nicola Mining Inc. He holds a Bachelor of Science from Simon Fraser University. Through his education and his experience, Mr. May is very familiar with financial statements and accounting issues and is financially literate.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of National Instrument 52-110 ("NI 52-110") (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter attached hereto as Schedule "A" under the heading "External Auditors".

External Auditors Service Fees (By Category)

The following table discloses the aggregate fees billed for each of the last two fiscal years for professional services rendered by the Company's audit firm for various services:

Years Ended September 30		
Services	2022	2021
Audit Fees	\$12,000 (CAD)	\$10,000 (CAD)
Audit-related Fees	-	-
All Other Fees	\$3,983 (CAD)	-
Total	\$15,983 (CAD)	\$10,000 (CAD)

(1) "Audit-Related Fee" includes services that are traditionally performed by the auditor.

Exemption in Section 6.1 of NI 52-110

The Company is relying on the exemption in Section 6.1 of NI 52-110 from the requirement of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations).

CORPORATE GOVERNANCE DISCLOSURE

A summary of the responsibilities and activities and the membership of each committee of the Board is set out below.

National Policy 58-201 respecting Corporate Governance Guidelines establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 respecting Disclosure of Corporate Governance Practices mandates disclosure of corporate governance practices which disclosure is set out below.

Independence of Members of Board

The Company's Board consists of four (4) directors, two (2) of whom are independent based upon the tests for independence set forth in NI 52-110 respecting Audit Committees. Robert Thompson and Brian May are considered independent. Kenneth Ellerbeck and Quinn Ellerbeck are not independent as both have been an officer of the Company within the last three (3) years.

Management Supervision by Board

The CEO and CFO report upon the operations of the Company to the Board at Board meetings held on a quarterly basis. At this time, quarterly financial and management discussion and analysis documents are reviewed and approved by the Board. This allows the independent directors to review the operations of the Company on a regular basis.

In addition, the CEO schedules Board meetings by conference call with Board members as required to inform them of activities by the Company and to obtain approval for decisions requiring Board approval. The CEO also schedules additional conference calls with the Board members to keep them informed and updated on of the Companies activities. Board resolutions are prepared by the CEO and distributed to the Board to obtain approval for certain decisions in lieu of obtaining Board approval by means of a meeting. The Board also meets as part of the Annual General Meeting of the Company.

Participation of Directors in Other Reporting Issuers

The participation of the directors in other reporting issuers is described in the table provided under "Election of Directors" in this Information Circular.

Orientation and Continuing Education

When new directors are appointed, they receive an orientation, commensurate with their previous experience, on the Company's properties, business, technology and industry and on the responsibilities of directors. Board meetings may also include presentations by the Company's management and employees to give the directors

additional insight into the Company's business. The Company has not taken any additional measures to provide continuing education for directors.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual directors' participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Nomination of Directors

The Board is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of shareholders.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives, and a willingness to serve.

Compensation of Directors and the CEO

The Board conducts reviews with regard to directors' compensation once a year. To make its recommendation on directors' compensation, the Board takes into account the types of compensation and the amounts paid to directors of comparable publicly traded Canadian companies and aligns the interests of directors with the return to shareholders.

The Board decides the compensation of the Company's officers, based on industry standards and the Company's financial situation.

Assessments

The Board monitors the adequacy of information given to directors, communication between the board and management and the strategic direction and processes of the board and the Audit Committee.

Other Board Committees

The Board has no committees other than the Audit Committee.

Expectations of Management

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

(a) Approval and Ratification of 10% Rolling Stock Option Plan

The Board implemented the Stock Option Plan effective October 15, 2020, which was accepted by the Exchange and has been ratified yearly by shareholders at the Company's annual general meetings.

The purpose of the Stock Option Plan is to allow the Company to grant options to directors, officers, employees and consultants, as an incentive for performance, and as an opportunity to participate in the success of the Company. The granting of such options is intended to align the interests of such persons with that of the shareholders.

The maximum number of Options which may be granted to any one holder under the Stock Option Plan within any 12-month period is 10% of the number of issued and outstanding Shares (unless the Company has obtained disinterested shareholder approval if required by applicable laws). In addition, the maximum number of Options which may be granted to any one consultant within any 12-month period must not exceed 5% of the number of issued and outstanding Shares. If required by applicable laws, disinterested shareholder approval is required to the grant to related persons, within a 12-month period, of a number of Options which, when added to the number of

outstanding Options granted to related persons within the previous 12 months, exceed 10% of the issued Shares

The expiry date of an Option shall be no later than the tenth anniversary of the grant date of such Option and the exercise price of any Option issued under the Stock Option Plan shall not be less than the Market Value (as defined in the Stock Option Plan) of the Shares as of the grant date. Pursuant to the Stock Option Plan, the Board may from time to time authorize the issue of options to directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries. The Stock Option Plan contains no vesting requirements, but permits the Board to specify a vesting schedule in its sole discretion.

Therefore, at the Meeting, shareholders will be asked to pass a resolution in the following form:

“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The stock option plan of the Company is hereby ratified, affirmed and approved and shall continue and remain in effect until such time as further ratification is required pursuant to the rules of the Canadian Securities Exchange or other applicable regulatory requirements.
2. Any one director or officer of the Company is authorized and directed, on behalf of the Company, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments, whether under the seal of the Company or otherwise, and to do all such other acts and things that may be necessary or desirable to give effect to this ordinary resolution.”

The full text of the Stock Option Plan will be available for review at the Meeting and a copy may be obtained by request prior to the Meeting from the Corporate Secretary at quinn@lacombeventures.com.

The resolution requires the affirmative vote of a simple majority of votes cast on the resolution at the Meeting.

Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote for the approval and ratification of the Stock Option Plan.

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com and on the Company’s website at www.northvalleyresources.ca. Shareholders may contact the Company at quinn@lacombeventures.com to request copies of the Company’s financial statements and related MD&A and they are also available at the websites above.

Financial information is provided in the Company’s comparative financial statements and MD&A for its most recently completed financial year, as updated by the subsequent quarterly financial statements, all of which are filed on SEDAR and available at www.sedar.com.

OTHER MATTERS

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

DATED this 24th day of March 2023.

APPROVED BY THE BOARD OF DIRECTORS

"Kenneth Ellerbeck"

Kenneth Ellerbeck,
CEO and Director

SCHEDULE A
AUDIT COMMITTEE CHARTER
NORTH VALLEY RESOURCES LTD.
(the “Company”)

1. 1. Mandate

The audit committee will assist the board of directors (the “**Board**”) in fulfilling its financial oversight responsibilities. The audit committee will review and consider in consultation with the auditors, the financial reporting process, the system of internal control and the audit process. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each committee member must obtain an understanding of the principal responsibilities of committee members hip as well and the Company’s business, operations, and risks.

2. Composition

The Board will appoint from among their membership an audit committee after each annual general meeting of the shareholders of the Company. The audit committee will consist of a minimum of three directors.

2.1 Independence

Subject to any exemptions under applicable law, a majority of the members of the audit committee must not be officers, employees or control persons of the Company.

2.2 Expertise of Committee Members

Each member of the audit committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the committee must have accounting or related financial management expertise. The Board shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall conclude whether a director meets these qualifications.

3. Meetings

The audit committee shall meet in accordance with a schedule established each year by the Board, and at other time that the audit committee may determine. The audit committee shall meet at least annually with the Company’s Chief Financial Officer and external auditors in separate executive sessions.

4. Roles and Responsibilities

The audit committee shall fulfill the following roles and discharge the following responsibilities:

4.1 External Audit

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor’s report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the audit committee shall:

- (a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company;
- (b) review (by discussion and enquiry) the external auditors’ proposed audit scope and approach;

- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors; and
- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

4.2 Internal Control

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the audit committee shall:

- (a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Company; and
- (b) ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

4.3 Financial Reporting

The audit committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the audit committee shall:

General

- (a) review significant accounting and financial reporting issues, especially complex, unusual, and related party transactions; and
- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

Annual Financial Statements

- (c) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (d) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- (e) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

Interim Financial Statements

- (f) review and approve the interim financial statements prior to their release to the public; and
- (g) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

Release of Financial Information

- (h) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

4.4 Non-Audit Services

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the audit committee.

Delegation of Authority

- (a) The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

De-Minimis Non Audit Services

- (b) The audit committee may satisfy the requirement for the pre-approval of non-audit services if:
 - (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
 - (ii) the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

Pre-Approval Policies and Procedures

- (c) The audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
 - (i) the pre-approval policies and procedures are detailed as to the particular service;
 - (ii) the audit committee is informed of each non-audit service; and
 - (iii) the procedures do not include delegation of the audit committee's responsibilities to management.

4.5 Other Responsibilities

The audit committee shall:

- (a) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters;
- (b) establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

- (c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- (d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (e) perform other oversight functions as requested by the Board; and
- (f) review and update this Charter and receive approval of changes to this Charter from the Board.

4.6 Reporting Responsibilities

The audit committee shall regularly update the Board about committee activities and make appropriate recommendations.

5. Resources and Authority of the Audit Committee

The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the audit committee; and
- (c) communicate directly with the internal and external auditors.

6. Guidance - Roles & Responsibilities

The following guidance is intended to provide the Audit Committee members with additional guidance on fulfillment of their roles and responsibilities on the committee:

6.1 Internal Control

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and
- (c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

6.2 Financial Reporting *General*

- (a) review significant accounting and reporting issues including recent professional and regulatory pronouncements, and understand their impact on the financial statements;
- (b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and
- (c) understand industry best practices and the Company's adoption of them.

Annual Financial Statements

- (d) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Company reports or trades its shares;
- (e) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;
- (f) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;
- (g) consider management's handling of proposed audit adjustments identified by the external auditors; and
- (h) ensure that the external auditors communicate all required matters to the committee.

Interim Financial Statements

- (i) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (j) meet with management and the auditors, either telephonically or in person, to review the interim financial statements; and
- (k) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
 - (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
 - (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financial statements are consistent with changes in the Company's operations and financing practices;
 - (iii) generally accepted accounting principles have been consistently applied;
 - (iv) there are any actual or proposed changes in accounting or financial reporting practices;
 - (v) there are any significant or unusual events or transactions;
 - (vi) the Company's financial and operating controls are functioning effectively;
 - (vii) the Company has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and
 - (viii) the interim financial statements contain adequate and appropriate disclosures.

6.3 Compliance with Laws and Regulations

- (a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";
- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and

- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

6.4 Other Responsibilities

Review with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements.