

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING

Notice is hereby given that the annual general and special meeting (the "Meeting") of the shareholders of **Durango Resources Inc.** (the "Company") will be held on **September 6th, 2022**, at 702-777 Hornby Street, Vancouver, B.C., Canada, V6Z 1S2, at the hour of **10:00 a.m.** (Pacific Time) for the following purposes:

1. To receive and consider the audited financial statements of the Company for the financial year ended July 31, 2021, together with the auditor's report thereon;
2. To set the number of directors to 4 (four) and elect directors to hold office until the next annual general meeting;
3. To appoint an auditor for the Company for the ensuing financial year and to authorize the directors to fix the remuneration to be paid to the auditor;
4. To consider, and if thought fit, to pass, with or without variation, an ordinary resolution to ratify, confirm and approve the Company's new option plan dated for reference July 15, 2022 and attached as Schedule "B" to, and as more particularly described in, the Information Circular accompanying this Notice of Annual General and Special Meeting (the "Information Circular");
5. To consider, and if thought fit, to approve a special resolution approving the amendment of the Company's Articles such that the existing Articles be replaced in their entirety with the form of Articles set out in Schedule "A" of the Information Circular, as more particularly described in the Information Circular;
6. To consider, and if thought fit, to approve a special resolution approving an increase to the authorized share structure of the Company from 100,000,000 common shares without par value to an unlimited number of common shares without par value and to alter the Notice of Articles of the Company accordingly; and
7. To transact such other business as may properly come before the Meeting or any adjournment thereof.

The accompanying Information 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 Annual General and Special Meeting.

The Company's board of directors has fixed **July 8, 2022**, 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. Each registered shareholder at the close of business on that date is entitled to such notice and to vote at the Meeting in the circumstances set out in the accompanying Information Circular.

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, Endeavor Trust Corporation, at their offices located in Suite 702-777 Hornby Street, Vancouver, BC V6Z 1S4 or by telephone at 1-604-559-8880 or internet by **10:00 AM** on **September 2nd, 2022** (Pacific Time), or 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 Annual General and Special 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 security on your behalf (the "Intermediary"), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

DATED at Vancouver, British Columbia, this 8th day of July 2022.

BY ORDER OF THE BOARD

/s/ Marcy Kiesman

Marcy Kiesman

President, Chief Executive Officer and Director

DURANGO RESOURCES INC.
PO Box 31800
Richmond, British Columbia, V7E 0B5
Phone: (604) 428-2900

INFORMATION CIRCULAR

Dated July 8th, 2022 (unless otherwise noted)

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the management of **Durango Resources Inc.** (the "Company") for use at the 2022 annual general and special meeting (the "Meeting") of the shareholders of the Company to be held at 702-777 Hornby Street, Vancouver, B.C. V6Z 1S2 on **September 6th, 2022** at **10:00** a.m. (Pacific Time) for the purposes set forth in the accompanying Notice of Annual General and Special Meeting of shareholders, and at any adjournment thereof.

The solicitation will be made primarily by mail and may in addition be made by personal, electronic and telephone contact with shareholders by directors, officers and regular employees of the Company. No solicitation will be made by specifically engaged employees or soliciting agents. The Company does not reimburse shareholders, nominees or agents for the cost incurred in obtaining from their principals authorization to execute instruments of proxy, except that the Company has requested brokers and nominees who hold stock in their respective names to furnish this proxy material to their customers, and the Company will reimburse such brokers and nominees for their related out of pocket expenses. The cost of solicitation will be borne by the Company.

PROXIES AND VOTING RIGHTS

Management Solicitation

No person has been authorized to give any information or to make any representation other than as contained in this Information Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Information Circular shall not create, under any circumstances, any implication that there has been no change in the information set forth herein since the date of this Information Circular. This Information Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized, or in which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer of solicitation.

Appointment and Revocation of Proxies

The individuals named in the accompanying form of proxy are directors or officers of the Company. **A shareholder eligible to vote at the Meeting has the right to appoint a person or a company, other than the persons designated in the accompanying form of proxy, who need not be a shareholder, to represent the shareholder and vote on the shareholder's behalf at the Meeting and may do so either by inserting the name of that other person or company in the blank space provided in the form of proxy or by completing another suitable form of proxy.**

Shareholders are requested to date, sign and return the accompanying form of proxy for use at the Meeting if they are not able to attend the Meeting personally. To be effective, forms of proxy must be received by the Company's registrar and transfer agent, Endeavor Trust Corporation, no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting (namely, by 10:00 a.m. (Pacific Time) on September 2nd, 2022, or any adjournment thereof at which the proxy is to be used. Proxies delivered by regular mail should be addressed to Endeavor Trust Corporation, Suite 702-777 Hornby Street, Vancouver, BC V6Z 1S4. Proxies delivered by facsimile must be sent to Endeavor Trust Corporation at 1-604-559-8908. To vote by internet, visit the website address shown on the form of proxy provided. Follow the online voting instructions given to you and vote over the internet referring to your holder account number and proxy access number provided on the form of proxy that was delivered to you.

All non-registered shareholders who receive these materials through a broker or other intermediary should complete and return the materials in accordance with the instructions provided to them by their broker or other intermediary.

A shareholder who has given a proxy may revoke it by an instrument in writing duly executed and delivered either to Endeavor Trust Corporation or to the registered office of the Company at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, that precedes any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or of any reconvening thereof, or in any other manner provided by law. A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

Non-Registered Holders

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are "non-registered" shareholders because the common shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the common shares. More particularly, a person is not a registered shareholder in respect of common shares which are held on behalf of that person (the "Non-Registered Holder") but which are registered either: (a) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the common shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and directors or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. ("CDS")) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 *Communications with Beneficial Owners of a Reporting Issuer* of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Annual General and Special Meeting, Information Circular and form of proxy (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders.

Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will receive either a voting instruction form or, less frequently, a form of proxy. Non-Registered Holders should follow the procedures set out below, depending on which type of form they receive.

- (a) **Voting Instruction Form.** In most cases, a Non-Registered Holder will receive, as part of the Meeting Materials, a voting instruction form which is not signed by the Intermediary, and which,

when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a "proxy authorization form") which the Intermediary must follow. If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder's behalf), the voting instruction form must be completed, signed and returned in accordance with the directions on the form. Voting instruction forms in some cases permit the completion of the voting instruction form by telephone or through the internet. If a Non-Registered Holder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder's behalf), the Non-Registered Holder must strike out the names of the persons named in the form and insert the Non-Registered Holder's (or such other person's) name in the blank space provided and complete, sign and return the voting instruction form in accordance with the directions provided. A form of proxy giving the right to attend and vote will then be forwarded to the Non-Registered Holder.

- (b) **Form of Proxy.** Less frequently, a Non-Registered Holder will receive, as part of the Meeting Materials, a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of common shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder's behalf), the Non-Registered Holder must complete the form of proxy and deposit it with Endeavor Trust Corporation as provided above. If a Non-Registered Holder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder's behalf), the Non-Registered Holder must strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the common shares which they beneficially own. Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the management proxy nominees named in the form and insert the Non-Registered Holder's name in the blank space provided. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

Exercise of Discretion

The nominees named in the enclosed form of proxy will vote or withhold from voting the common shares represented thereby in accordance with the instructions of the shareholder on any ballot that may be called for. If a shareholder specifies a choice with respect to any matter to be acted upon, the common shares will be voted accordingly. The proxy will confer discretionary authority on the nominees named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified; and
- (b) any other matter, including amendments to any of the foregoing, as may properly come before the Meeting or any adjournment thereof.

In respect of a matter for which a choice is not specified in the proxy, or unless otherwise provided in the proxy, the nominees named in the accompanying form of proxy will vote the common shares represented by the proxy for the approval of such matter.

As of the date of this Information Circular, management of the Company knows of no amendment, variation or other matter that may come before the Meeting, but if any amendment, variation or other matter properly comes before the Meeting each nominee intends to vote thereon in accordance with the nominee's best judgement.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person who has been a director or an officer of the Company nor any proposed nominee at any time since the beginning of the Company's last completed financial year, or any associate of any such director or officer, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As at the close of business on **July 8, 2022**, the record date (the "Record Date") set for purposes of the Meeting, there were 82,770,205 common shares issued and outstanding. Each common share carries, on any poll at the Meeting, one vote.

Only shareholders of record at the close of business on the Record Date, who either personally attend the Meeting or who have completed and delivered a form of proxy or voting instruction form in the manner and subject to the provisions detailed therein, shall be entitled to vote or to have their common shares voted at the Meeting.

To the knowledge of the Company's directors and executive officers, as of the Record Date, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, common shares carrying more than 10% of the voting rights attached to the outstanding common shares of the Company.

APPOINTMENT OF AUDITOR

Unless directed otherwise by a proxy holder, the persons named in the accompanying proxy intend to vote the common shares represented by such proxy in favour of a resolution appointing Crowe MacKay LLP, Chartered Accountants, as auditor of the Company for the next ensuing year, to hold office until the close of the next annual general meeting of shareholders or until the firm of Crowe MacKay LLP is removed from office or resigns, at a remuneration to be fixed by the Company's board of directors (the "Board").

ELECTION OF DIRECTORS

The directors of the Company are elected annually and hold office until the next annual general meeting of shareholders or until their successors are duly elected or appointed, or until such director's earlier death, resignation or removal. In the absence of instructions to the contrary, the common shares represented by a proxy will be voted for the nominees herein listed.

MANAGEMENT DOES NOT CONTEMPLATE THAT ANY OF THE NOMINEES WILL BE UNABLE TO SERVE AS A DIRECTOR. THE COMPANY HAS NOT RECEIVED NOTICE OF, AND MANAGEMENT IS NOT AWARE OF ANY PROPOSED NOMINEE IN ADDITION TO, THE FOLLOWING NOMINEES:

The following persons are management's nominees for election as directors at the Meeting:

Name, Jurisdiction of Residence and Present Office Held ⁽¹⁾	Director Since	Number of Shares Beneficially Owned, Directly or Indirectly, or over which Control or Direction is Exercised ⁽¹⁾	Principal Occupation and, if Not Previously Elected, Principal Occupation during the Past Five Years ⁽¹⁾
Marcy Kiesman British Columbia, Canada President, CEO and Director	August 31, 2006	5,613,251 common shares ⁽²⁾	Self-Employed Management Accountant; Principal of Steveston Finance Inc.
Joanna Cameron ⁽³⁾ British Columbia, Canada Director	January 18, 2021	125,000 common shares	Partner, Osler, Hoskin & Harcourt LLP (2021 to present); Associate Counsel at DuMoulin Black LLP (2018 to 2021) and Vice President Legal, General Counsel and Corporate Secretary of NexGen Energy Ltd. (2015 to 2018) whose principal business is the exploration and development of Canadian uranium projects.
Melanie Mackay ⁽³⁾ British Columbia, Canada Director	December 30, 2018	110,000 common shares	Self-Employed Geologist; Principal of Trillium
Julie Lemieux ⁽³⁾ Alberta, Canada Director	June 29, 2020	Nil	Self-Employed at Taktik Services

Notes:

- (1) The information as to Province and Country of residence, shares beneficially owned directly or indirectly or over which control or direction is exercised and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (2) 4,471,000 common shares are owned by Steveston Finance Inc., a company owned and controlled by Marcy Kiesman.
- (3) Member of Audit Committee.

Corporate Cease Trade Orders and Bankruptcies

None of the proposed directors of the Company:

- (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 or chief financial officer of any company (including the Company) that:
 - (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted

from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,

- (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.

Penalties or Sanctions

Except as disclosed below, no proposed director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

- (a) 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
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Marcy Kiesman was an officer of Opawica Explorations Inc. when a cease trade order was issued on December 30, 2021, for failure to file financial statements in a timely manner. The cease trade order was revoked on February 1, 2022, after the required financial statements and related documents were filed.

EXECUTIVE COMPENSATION

Definitions

For the purpose of this Information Circular:

"Chief Executive Officer" or "CEO" means each individual who acted as chief executive officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;

"Chief Financial Officer" or "CFO" means each individual who acted as chief financial officer of the Company or acted in a similar capacity for any part of the most recently completed financial year.

"closing market price" means the price at which the Company's security was last sold, on the applicable date, on the TSX Venture Exchange.

"executive officer" means an individual who at any time during the most recently completed financial year was:

- (a) a chair, vice-chair or president of the Company;
- (b) a vice-president of the Company in charge of a principal business unit, division or function including sales, finance or production; or
- (c) performing a policy-making function in respect of the Company.

"incentive plan" means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period.

"incentive plan award" means compensation awarded, earned, paid or payable under an incentive plan.

"Named Executive Officers" or "NEOs" means the following individuals:

- (a) each CEO;
- (b) each CFO;
- (c) each of the Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
- (d) each additional individual who would be a NEO under (c) above, but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year.

"option-based award" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features.

"plan" includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other property may be received, whether for one or more persons.

"share-based award" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

STATEMENT OF EXECUTIVE COMPENSATION

Executive Officers of the Company

Marcy Kiesman, President and Chief Executive Officer, and Aimee Ward, Chief Financial Officer are each a Named Executive Officer of the Company for the financial year ended July 31, 2021.

Currencies

All financial amounts are stated in Canadian dollars unless otherwise indicated.

Compensation Discussion and Analysis

Philosophy and Objectives

The compensation program for the senior management of the Company is designed to ensure that the level and form of compensation achieves certain objectives, including:

- To align executive compensation with shareholders' interests;
- To attract and retain highly qualified management;
- To focus performance by linking incentive compensation to the achievement of business objectives and financial results; and
- To encourage retention of key executives for leadership succession.

The Company's executive compensation program comprises three elements: base salary, bonus incentives and equity participation. The compensation program is designed to pay for performance. Employees, including senior executives, are rewarded for the achievement of annual operating and financial goals, progress in executing the Company's long-term growth strategy and delivering strong total shareholder return performance.

The Company reviews industry compensation information and compares its level of overall compensation with those of comparable sized mineral exploration companies. Generally, the Company targets base management fees at levels approximating those holding similar positions in comparably sized companies in the industry and hopes to achieve competitive compensation levels through the fixed and variable components.

The Company's total compensation mix places a significant portion of the executive's compensation at risk and relies heavily on the award of stock options. The design takes into account individual and corporate performance. Compensation practices, including the mix of base management fees, short-term incentives and long-term incentives, are regularly assessed to ensure they are competitive, take account of the external market trends and support the Company's long-term growth strategies. Due to the early stage of the Company's development programs, the flexibility to quickly increase or decrease appropriate human resources is critical. Accordingly, the Company does not enter into long-term commitments with its officers.

Base Compensation

In the Board's view, paying base salaries or management fees which are competitive in the markets in which the Company operates is a first step to attracting and retaining talented, qualified and effective executives. Base compensation is compensation for discharging job responsibilities and reflects the level of skills and capabilities demonstrated by the executive. Annual adjustments take into account the market value of the role and the executive's demonstration of capability during the year.

Bonus Incentive Compensation

The Company's objective is to achieve certain strategic objectives and milestones. The Board will consider executive bonus compensation dependent upon the executive meeting those strategic objectives and milestones, the executive's individual performance and sufficient cash resources being available for the granting of bonuses. The Board approves executive bonus compensation dependent upon comparable compensation levels based on recommendations of the Board as a whole, and such recommendations are generally based on survey data provided by independent consultants.

Equity Participation

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's stock option plan. Stock options are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. The amounts and terms of options granted are determined by the Board.

Option-Based Awards

The Company's directors, officers, employees and consultants are entitled to participate in the Existing Option Plan (as defined below), most recently approved by shareholders on May 25, 2020. Stock options granted under the Existing Option Plan were granted to provide an incentive to the directors, officers, employees and consultants of the Company to achieve the long-term objectives of the Company; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Company; and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire and increase proprietary interest in the Company. The Company awards stock options to its executive officers based upon the recommendation of the Board, which recommendation is based upon the Board's review of a proposal from the Chief Executive Officer. Previous grants of incentive stock options are taken into account when considering new grants.

Under the Existing Option Plan, the aggregate number of common shares issuable upon exercise of options granted thereunder may not exceed 10% of the total number of outstanding common shares of the Company at the time the options are granted. Further, the aggregate number of common shares issuable upon the exercise of the options granted thereunder to any one individual may not exceed 5% of the total number of outstanding common shares of the Company. The number of options granted to any one consultant, or a person employed to provide investor relations activities, in any 12-month period must not exceed 2% of the total issued common shares of the Company. Options issued pursuant to the Existing Option Plan must have an exercise price not less than that from time to time permitted by the stock exchange on which the common shares are then listed. The period during which an option may be exercised shall be determined by the Board at the time the option is granted, subject to any vesting limitations which may be imposed by the Board at the time such option is granted, provided no option shall be exercisable for a period exceeding ten years from the date the option is granted.

The options granted under the Existing Option Plan expire on the earlier of the date of the expiration of the option period noted above and in the case of optionees who are: directors, officers, employees or consultants, must expire within a reasonable period not exceeding one year after the date a holder ceases to hold the position or positions of director, officer, employee or consultant of the Company and within 30 days for any optionee engaged in investor relations activities. In the event of the death or permanent disability of a holder, any option previously granted to him shall be exercisable until the end of the option period noted above or until the expiration of 12 months after the date of death or permanent disability of such option holder, whichever is earlier.

In the event of a sale by the Company of all or substantially all its assets or in the event of a change in control of the Company, each holder shall be entitled to exercise, in whole or in part, the options granted to such holder, either during the term of the option or within 90 days after the date of the sale or change of control, whichever first occurs. In addition to the terms of the Existing Option Plan mentioned above, the policies of the TSXV require approval by the affirmative vote of a majority of the votes cast at the Meeting, other than the votes attaching to the common shares beneficially owned by the insiders of the Company to whom the options may be granted pursuant to the Existing Option Plan, or their associates to the Company, in respect of the following:

- (a) Decreasing the exercise price of stock options previously granted to insiders;
- (b) Issuing to insiders, upon the exercise of stock options, within a one-year period, common shares exceeding 10% of the outstanding listed shares; and
- (c) Issuing to any one insider and such insider's associates, upon the exercise of stock options, within a one-year period, common shares exceeding 5% of the outstanding listed shares.

On July 15, 2022, the Board approved the New Option Plan (as defined below). The New Option Plan is intended to serve as successor to the Existing Option Plan, and to replace the Existing Option Plan in its entirety (other than with respect to Options granted prior to July 15, 2022). The New Option Plan is subject to approval from the Company's Shareholders by way of an ordinary resolution to be passed at the Meeting, and conditional approval and final acceptance by the TSXV. For a detailed description of the provisions of the New Option Plan, please see "Particulars of Matters to be Acted Upon – Approval of New Stock Option Plan" below.

The Company process for determining executive compensation is the result of a meeting of the independent directors whereby they set the compensation packages for each of the NEO's based on their number of years of experience and relevant education.

Compensation Risk Management

The Board considers implications of the risks associated with the Company's compensation practices and policies as part of its oversight and stewardship of the affairs of the Company and has not identified any risks arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

The NEOs and directors of the Company are not permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in the market value of equity securities, granted as compensation, or held directly or indirectly by the Named Executive Officers or directors.

Summary Compensation Table

The following table sets forth the total compensation paid to or earned by the Named Executive Officers of the Company for the Company's three most recently completed financial years that end on or before July 31, 2021.

Name and Principal Position	Year Ended	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards ⁽¹⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
Marcy Kiesman, President, Chief Executive Officer ⁽²⁾	2021	120,000	Nil	Nil	Nil	Nil	Nil	Nil	120,000
	2020	120,000	Nil	45,000	Nil	Nil	Nil	Nil	165,000
	2019	120,000	Nil	18,000	Nil	Nil	Nil	Nil	138,000
Aimee Ward, Chief Financial Officer ⁽³⁾	2021	24,000	Nil	Nil	Nil	Nil	Nil	Nil	24,000
	2020	24,000	Nil	7,500	Nil	Nil	Nil	Nil	31,500
	2019	24,000	Nil	8,000	Nil	Nil	Nil	Nil	32,000

Notes:

- (1) The Company employed the Black-Scholes option pricing method to calculate the grant date fair value as it is a widely used and relatively objective methodology. The closing market price of the common shares on the TSX Venture Exchange (the "TSXV") as of July 31, 2021, the last trading day of the Company's common shares for that financial year, was \$0.065 per share and the cost attributable to the options is \$0.00 per share as per the assumptions in the annual audited financial statements for the year ended July 31, 2021.
- (2) Mrs. Kiesman was appointed as President and Chief Executive Officer on April 15, 2010. Mrs. Kiesman is not an employee of the Company. The compensation amounts reported for Mrs. Kiesman are solely based on a consulting agreement between Steveston Finance Inc. (Marcy Kiesman is sole director) dated June 1, 2017.
- (3) Mrs. Ward was appointed Chief Financial Officer on December 1st, 2018. Mrs. Ward is not an employee of the Company and does not collect any compensation for acting in the capacity of officer. The compensation amounts reported for Mrs. Ward are solely based on a consulting agreement between Aimee Ward dated December 1st, 2018.

All Other Compensation

All other compensation includes compensation for professional services provided as a business consultant for the Company. There are no director or officer fees payable while acting in the role of a director or officer of the Company to any of the Named Executive Officers.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all share-based and option-based awards outstanding at the end of the most recently completed financial year end, namely July 31, 2021, for each Named Executive Officer to purchase or acquire securities of the Company.

Name	Option-based Awards				Share-based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options ⁽¹⁾ (\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Share-Based Awards that have not Vested (\$)	Market or Payout Value of Share-Based Awards not paid out or distributed (\$)
Marcy Kiesman, <i>President, Chief Executive Officer</i>	700,000	0.10	Feb 18, 2025	Nil	N/A	N/A	N/A
	200,000	0.10	June 29, 2025	Nil	N/A	N/A	N/A
	1,000,000	0.125	Sept 9, 2025	Nil	N/A	N/A	N/A
Aimee Ward, <i>Chief Financial Officer</i>	150,000	0.10	June 29, 2025	Nil	N/A	N/A	N/A
	200,000	0.125	Sept 9, 2025	Nil	N/A	N/A	N/A

Notes:

- (1) Value of "in-the-money options" is calculated based on the difference between the closing market price of the common shares underlying the options at the end of the most recently completed financial year and the exercise price of the options. The closing market price of the common shares on the TSXV as of July 31, 2021, the last trading day of the Company's common shares for the financial year, was \$0.065 per share.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table summarizes, for each of the Named Executive Officers, the value of options vested during the year ended July 31, 2021.

Name	Option-Based Awards – Value Vested During the Year (\$)⁽¹⁾	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Marcy Kiesman	Nil	Nil	Nil
Aimee Ward	Nil	Nil	Nil

Notes:

(1) Value is calculated based on the difference between the closing market price of the common shares underlying the options and the exercise price of the options under the option-based award on the vesting date.

Pension Plan Benefits

No pension or retirement benefit plans have been instituted by the Company and none are proposed at this time.

Termination and Change of Control Benefits

Pursuant to a consulting agreement dated June 1, 2017, between the Company and Steveston Finance Inc. a company owned and controlled by Marcy Kiesman, upon a change in control of the Company, the Company is required to make a change in control payment to Steveston Finance Inc. equal to \$175,000.

STATEMENT OF DIRECTOR COMPENSATION

The Company currently has four directors, one of which is also a Named Executive Officer, namely Marcy Kiesman.

During the Company's most recently completed financial year, there were no standard compensation arrangements, or other arrangements in addition to or in lieu of standard arrangements, under which the directors of the Company were compensated for services in their capacity as directors (including any additional amounts payable for committee participation or special assignments), or for services as consultants or experts.

Director Compensation Table

The following table sets forth the value of all compensation provided to the directors of the Company for the Company's most recently completed financial year ended July 31, 2021:

Name ⁽¹⁾	Fees Earned (\$)	Share-Based Awards (\$)	Option Based Awards (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation (\$)	Pension Value	All Other Compensation (\$)	Total (\$)
Melanie Mackay	4,000	Nil	Nil	Nil	Nil	Nil	4,000
Julie Lemieux	4,000	Nil	Nil	Nil	Nil	Nil	4,000
Joanna Cameron	2,000	Nil	Nil	Nil	Nil	Nil	2,000
Twila Jensen	3,000	Nil	Nil	Nil	Nil	Nil	3,000

Notes: (1) Value is calculated based on the difference between the closing market price of the common shares underlying the options and the exercise price of the options under the option-based award on the vesting date.

(2) For the compensation of Marcy Kiesman is the Named Executive Officer of the Company, see "Statement of Executive Compensation – Summary Compensation Table".

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth the options granted by the Company to its directors to purchase or acquire securities of the Company outstanding at the end of the most recently completed financial year.

Name ⁽¹⁾	Option-based Awards				Share-based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options ⁽²⁾ (\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Share-Based Awards that have not Vested (\$)	Market or Payout Value of Share-Based Awards not paid out or distributed (\$)
Twila Jensen	400,000	\$0.10	Sept 9, 2025	Nil	N/A	N/A	N/A
Joanna Cameron	200,000	\$0.10	Jan 18, 2026	Nil	N/A	N/A	N/A
Melanie Mackay	100,000	\$0.125	Sept 9, 2025	Nil	N/A	N/A	N/A
Julie Lemieux	250,000	\$0.125	Sept 9, 2025	Nil	N/A	N/A	N/A

Notes:

(1) For the outstanding option-based awards to Marcy Kiesman who is a Named Executive Officers of the Company, see "Statement of Executive Compensation – Incentive Plan Awards – Outstanding Share-Based and Option-Based Awards".

(2) Value of "in-the-money options" is calculated based on the difference between the closing market price of the common shares underlying the options at the end of the most recently completed financial year and the exercise price of the options. The closing market price of the common shares on the TSXV as of July 31, 2021, the last trading day of the Company's common shares for the financial year, was \$0.065 per share.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table summarizes the value of each incentive plan award vested or earned by each director who is not a NEO during the financial year ended July 31, 2021.

Name ⁽¹⁾	Option-Based Awards – Value Vested During the Year (\$) ⁽²⁾	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation - Value Earned During the Year (\$)
Melanie Mackay	Nil	Nil	Nil
Julie Lemieux	Nil	Nil	Nil
Twila Jensen	Nil	Nil	Nil

Notes:

- (1) For the compensation of Marcy Kiesman and Aimee Ward who are Named Executive Officers of the Company, see above.
(2) Calculated based on the difference between the market price of the shares underlying the options and the exercise price of the options under the option-based award on the vesting date.

Plan-based Awards

The significant terms of the Existing Stock Option Plan are set out above under the heading “*Statement of Executive Compensation – Option-Based Awards*”.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company has no compensation plans under which equity securities are authorized for issuance as at the fiscal year ended July 31, 2021, with the exception of the Company's stock option plan.

The following table sets forth information with respect to the Company's stock option plan as at the year ended July 31, 2021.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	7,050,000	\$0.11	1,670,550 ⁽¹⁾
Equity compensation plans not approved by securityholders	-	-	-
Total	7,050,000	\$0.11	1,670,550

Notes:

- (1) This figure is based on the total number of common shares authorized for issuance under the Company's stock option plan, less the number of stock options outstanding as at the Company's year ended July 31, 2021. As at July 31, 2021, the Company was authorized to issue a total of 1,670,500 stock options.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

No current or former employee, director or executive officer of the Company or any of its subsidiaries, no proposed nominee for election as a director, nor any associates of any of the foregoing persons is or has been indebted to the Company (other than routine indebtedness) at any time since the beginning of the most recently completed financial year, or is a person whose indebtedness to another entity 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 a subsidiary thereof.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For the purposes of this Information Circular, "informed person" means: (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company, or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company, other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities. No informed person, no proposed director of the Company and no associate or affiliate of any such informed person or proposed director, has any material interest, direct or indirect, in any material transaction since the commencement of the Company's last completed financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company.

CORPORATE GOVERNANCE

General

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. National Policy 58-201 - *Corporate Governance Guidelines* provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, National Instrument 58-101 - *Disclosure of Corporate Governance Practices* prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

Board of Directors

The Board facilitates its exercise of independent supervision over the Company's management through frequent communication with management.

As of the date of this Information Circular, the following persons are the directors of the Company:

Marcy Kiesman	Not Independent ⁽¹⁾
Joanna Cameron	Independent
Melanie Mackay	Independent
Julie Lemieux	Independent

Notes:

- (1) The Company considers a member of the Board as "Not Independent" if he or she has a direct or indirect "material relationship" with the Company as set out in National Instrument 52-110 – *Audit Committees*.

Directorships

Certain of the directors, or nominees for director, are also directors or officers of other reporting issuers, as follows:

Director of Other Reporting Issuers

Director	Other Reporting Issuer	Position
Joanna Cameron	District Metals Corp.	Director
Marcy Kiesman	Opawica Explorations Inc.	Officer
Melanie Mackay	Carmanah Minerals Corp.	Director
Julie Lemieux	EXMceuticals Inc., Stelmine Canada Ltd. Nio Strategic Metals Inc. Nickel North Resources Triple Point Ressources Ltd.	Officer Director Director Director Director and Officer

Orientation and Continuous Education

The Company does not currently have a formal orientation program for new Board members, nor does it provide continuing education for its directors. The Board is currently composed of four directors, one of whom is an officer of the Company, all whom are experienced business persons. All directors have previous experience with governance and/or public companies. As a result, orientation or continuing education programs are not anticipated at this time.

Ethical Business Conduct

The Company has not taken any formal steps to promote a culture of ethical business conduct, but the Company and management are committed to conducting business in an ethical manner. This is accomplished by management actively doing the following in its administration and conduct of the Company's business:

1. The promotion of integrity and deterrence of wrongdoing.
2. The promotion of honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest.
3. The promotion of avoidance or absence of conflicts of interest.
4. The promotion of full, fair, accurate, timely and understandable disclosure in public communications made by the Company.
5. The promotion of compliance with applicable governmental laws, rules and regulations.
6. Providing guidance to the Company's directors, officers and employees to help them recognize and deal with ethical issues.
7. Helping foster a culture of integrity, honesty and accountability throughout the Company.

Nomination of Directors

The Board as a whole is responsible for identifying and evaluating qualified candidates for nomination to the Board.

In identifying candidates, the Board considers the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess.

Compensation

The Board reviews, as needed, compensation to directors and to officers with respect to industry comparables and with regards to the particular circumstances of the Company and the position.

Other Board Committees

The Board has not established any committees other than the Audit and Governance Committees.

Assessments

The Board collectively conducts informal annual assessments of the Board's effectiveness, its individual directors and its individual committees.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 – *Audit Committees* ("NI 52-110") requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth below.

The Audit Committee's Charter

The following Audit Committee Charter was adopted by the Audit Committee and the Board:

1. **Members.** The Board of Directors will appoint an Audit Committee of at least three (3) members, a majority of whom should be "independent" directors of the Board. "Independent" means a director who meets the definition of "independence" under National Instrument 52-110 or any successor policy promulgated by securities regulatory authorities.

All members of the Audit Committee should be "financially literate". An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. Each appointed member of the Audit Committee shall be subject to annual reconfirmation and may be removed by the Board of Directors at any time.

2. **Purposes, Duties, and Responsibilities.** The Audit Committee represents the Board of Directors in discharging its responsibility relating to the accounting, reporting and financial practices of the Company and its subsidiaries, and has general responsibility for oversight of internal controls, accounting and audit activities and legal compliance of the Company and its subsidiaries; however, the Audit Committee's function shall not relieve the Company's management of its responsibilities for preparing financial statements which accurately and fairly present the Company's financial results and conditions or the responsibilities of the independent accountants relating to the audit or review of financial statements. Specifically, the Audit Committee will:

- (a) Recommend to the Board of Directors the appointment (including terms of appointment such as compensation and scope of duties) and discharge the external auditor of the Company (the "auditor") who perform the annual audit or other audit, review or attest services in accordance with applicable securities laws, which auditor shall be ultimately accountable to the Board of Directors through the Audit Committee. The auditor of the Company must report directly to the Audit Committee;
- (b) Have the authority to communicate directly with the auditor of the Company;
- (c) Review with the auditor the scope of the audit and the results of the annual audit examination by the auditor and any reports of the auditor with respect to reviews of interim financial statements or other audit, review or attest services. The Audit Committee will be responsible for resolving any disagreements between management and the auditor regarding financial reporting;
- (d) Review information, including written statements, if any, from the auditor concerning any relationships between the auditor and the Company or any other relationships that may adversely affect the independence of the auditor and assess the independence of the auditor;
- (e) Review and discuss with management and the auditor the Company's annual audited financial statements prior to their public disclosure, including a discussion with the auditors of their judgments as to the quality of the Company's accounting principles;
- (f) Review the Company's financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information;
- (g) Review the services to be provided by the auditor to assure that the auditor does not undertake any engagement for services for the Company that would constitute prohibited services under applicable securities laws under the rules of any stock exchange or trading market on which the Company's common shares are listed for trading, or could be viewed as compromising the auditor's independence. The Audit Committee must pre-approve all non-audit services to be provided to the Company or its subsidiaries by the auditor;
- (h) Review with management and the auditor the results of any significant matters identified as a result of the auditor's interim review procedures prior to the filing of each quarterly financial statements or as soon thereafter as possible;
- (i) Review the annual program for the Company's internal audits, if any, and review audit reports submitted by the internal auditing staff, if any;
- (j) Periodically review the adequacy of the Company's internal controls;
- (k) Review changes in the accounting policies of the Company and accounting and financial reporting proposals that are provided by the auditor that may have a significant impact on the Company's financial reports, and make comments on the foregoing to the Board of Directors;
- (l) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer;

- (m) Periodically review the adequacy of this Audit Committee Charter;
- (n) Make reports and recommendations to the Board of Directors within the scope of its functions;
- (o) Approve material contracts where the Board of Directors determines that it has a conflict;
- (p) Establish procedures for receipt, retention and treatment of complaints received by the Company regarding auditing, internal accounting controls or accounting matters and establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (q) Where considered necessary by the Audit Committee to carry out its duties, have the authority to engage independent counsel and/or other advisors at the Company's expense upon the terms and conditions, including compensation, determined by the Audit Committee;
- (r) Satisfy itself that management has put into place procedures that facilitate compliance with the disclosure and financial reporting controls provisions of applicable securities laws, including adequate procedures for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements. The Audit Committee will assess the adequacy of these procedures annually;
- (s) Review all loans to officers;
- (t) Review and monitor all related party transactions which may be entered into by the Company as required by rules of the stock exchange or trading market upon which the Company's common shares are listed for trading; and
- (u) Ensure all public disclosure regarding the audit committee is made in compliance with applicable stock exchange rules and securities legislation.

3. Meetings. The Audit Committee will, when expedient, meet to review the Company's quarterly and annual financial statements and MD&A, and will hold special meetings as it deems necessary or appropriate in its judgment. The Audit Committee will endeavor to meet at any time that the auditor believes that communication to the Audit Committee is required. As it deems appropriate, but not less than once each year, the Audit Committee will meet in private session with the independent accountants. The majority of the members of the Audit Committee constitutes a quorum and shall be empowered to act on behalf of the Audit Committee. The members of the Audit Committee will designate one member as chair. Meetings may be held in person or by telephone and shall be at such times and places as the Audit Committee determines.

Composition of the Audit Committee

The following are the members of the Audit Committee:

	Independent ⁽¹⁾	Financially Literate ⁽²⁾
Melanie Mackay	yes	yes
Julie Lemieux	yes	yes
Joanna Cameron	yes	yes

Notes:

- (1) A member of the Audit Committee is independent if she has no direct or indirect 'material relationship' with the Company. A material relationship is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgment. An executive officer of the Company, such as the President or Secretary, is deemed to have a material relationship with the Company.
- (2) A member of the Audit Committee is financially literate if she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Relevant Education and Experience

Melanie Mackay

Mrs. Mackay has over 20 years in the public mining business and is President of the Western Canadian Coal Society.

Julie Lemieux

Ms. Lemieux is actively involved with numerous publicly traded companies as a director and/or an officer.

Joanna Cameron

Ms. Cameron is a partner at Osler, Hoskin & Harcourt LLP with many years of experience working with various public companies as both General Counsel and/or Corporate Secretary.

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 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 set out in Section 2(g) of the Audit Committee Charter which is reproduced above.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees ⁽¹⁾	Audit Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
July 31, 2021	\$34,700	Nil	\$5,075	Nil
July 31, 2020	\$19,500	Nil	\$11,493	Nil

Notes:

- (1) The aggregate fees billed by the Company's auditor for audit fees.
- (2) The aggregate fees billed for assurance and related services by the Company's auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not disclosed in the 'Audit Fees' column.
- (3) The aggregate fees billed for professional services rendered by the Company's auditor for tax compliance, tax advice and tax planning. These services include the filing of the Company's annual tax returns.
- (4) The aggregate fees billed for professional services other than those listed in the other three columns.

Exemption

The Company is relying upon the exemptions set out in section 6.1 of NI 52-110 with respect to compliance with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of the Instrument.

GOVERNANCE COMMITTEE

The Governance Committee Charter

The following Governance Committee Charter was adopted by the Governance Committee and the Board:

MEMBERSHIP

The Committee shall be composed of three (3) members or such greater number as the board of directors may from time to time determine, a majority of whom shall be "independent" as defined in Multilateral Instrument 52-110 – *Audit Committees*. Members shall be appointed annually from among the members of the board of directors.

MANDATE

The Committee shall, in addition to any other duties and responsibilities specifically delegated to it by the board of directors, generally assume responsibility for developing the approach of the Corporation to matters concerning corporate governance and, from time to time, shall review and make recommendations to the board of directors as to such matters. Specifically, the Committee will endeavor to:

Human Resources and Corporate Governance Matters

- a) annually review the mandates of the board of directors and its committees and recommend to the board of directors such amendments to those mandates as the Committee believes are necessary or desirable;
- b) consider and, if thought fit, approve requests from directors or the Committees of the engagement of special advisors from time to time;

- c) prepare and recommend to the board annually a statement of corporate governance practices to be included in the Corporation's annual report or information circular;
- d) review on a periodic basis the composition of the board and ensure that an appropriate number of independent directors sit on the board of directors, analyzing the needs of the board and recommending nominees who meet such needs;
- e) assess, at least annually, the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors, including considering the appropriate size of the board;
- f) establish criteria for potential candidates for board membership;
- g) identify individuals qualified to become board members, consistent with the desired criteria and maintain a list of potential candidates for board membership and where appropriate, interviewing potential candidates for board membership;
- h) retain and terminate any search firms used to identify director candidates, including sole authority to approve the search firms' fees and other retention terms;
- i) select, or recommend that the board select, the director nominees for the next annual meeting of shareholders;
- j) develop and recommend to the board a set of corporate governance guidelines applicable to the Corporation;
- k) oversee the evaluation of the board and management;
- l) implement an orientation and education program for new recruits to the board of directors;
- m) with the assistance or recommendations of management or outside consultants where appropriate, make recommendations to the board of directors regarding appointments of corporate officers and senior management; and
- n) conduct an annual performance evaluation of the Committee in the Corporation's annual information circular in accordance with applicable rules and regulations.

ADMINISTRATIVE MATTERS

The following general provisions shall have application to the Committee:

- a) two members of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. Meetings may occur via telephone, group video conference or teleconference;
- b) any members of the Committee may be removed or replaced at any time by the board of directors and shall cease to be a member of the Committee as soon as such member ceases to be a director. The board of directors may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains;

- c) the Committee may invite such officers and directors of the Corporation as it may see fit from time to time to attend at meetings of the Committee and assist thereat in the discussion and consideration of the matters being considered by the Committee;
- d) the time at which and place where the meetings of the Committee shall be held and the calling of meetings and the procedure in all respects at such meetings shall be determined by the Committee, unless otherwise determined by the by-laws of the Corporation or by resolution of the board of directors;
- e) unless otherwise designated by the board of directors, the members of the Committee shall elect a Chairman from among the members and the Chairman shall preside at all meetings of the Committee. The Chairman of the Committee shall have a second and deciding vote in the event of a tie. In the absence of the Chairman, the members of the Committee shall appoint one of their members to act as Chairman. Notwithstanding the foregoing, in all circumstances the Chairman must be an outside director, unrelated to the Corporation; and
- f) minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the board of directors.

STANDARDS OF LIABILITY

Nothing contained in this mandate is intended to expand applicable standards of liability under statutory, regulatory, common law or any other legal requirements for the Board or members of its Committees. The purposes and responsibilities outlined in this mandate and accompanying Board materials are meant to serve as guidelines rather than inflexible rules and the Board may adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

Composition of the Governance Committee

The following are the members of the Governance Committee:

	Independent ⁽¹⁾
Melanie Mackay	yes
Julie Lemieux	yes
Marcy Kiesman	no

Notes:

- (1) A member of the Governance Committee is independent if she has no direct or indirect 'material relationship' with the Company. A material relationship is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgment. An executive officer of the Company, such as the President or Secretary, is deemed to have a material relationship with the Company.

MANAGEMENT CONTRACTS

The following is a summary of the material terms of the consulting agreement dated June 1, 2017, between the Company and Steveston Finance Inc., of which Marcy Kiesman is the sole director:

The agreement provides for a monthly payment of \$10,000CDN per month for management services. The agreement also provides that upon a "change in control" of the Company, Steveston Finance Inc. will receive a payment of \$175,000.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Approval of New Stock Option Plan

On November 24, 2021, the TSXV updated its Policy 4.4 – *Security Based Compensation* of the TSXV Corporate Financial Manual ("Policy 4.4") with respect to the treatment of stock options and other securities based compensation for TSXV listed issuers. In accordance with the updated policy, on July 15, 2022, the Board approved and adopted a new rolling 10% stock option plan (the "New Option Plan") that complies with the updated Policy 4.4.

The New Option Plan, if approved by the shareholders at the Meeting, will replace the Company's current rolling stock option plan, which was most recently approved by shareholders on May 25, 2020 (the "Existing Option Plan"). Options granted under the Existing Option Plan will continue to be governed by the Existing Option Plan.

The New Option Plan has not been conditionally accepted by the TSXV and remains subject to TSXV acceptance. If the TSXV finds the disclosure to the shareholders in this Information Circular to be inadequate, such shareholder approval may not be accepted by the TSXV.

At the Meeting, the Company will be asking its shareholders to consider, and if thought fit, pass with or without amendment, an ordinary resolution set forth below (the "Option Plan Resolution"), ratifying, confirming and approving the adoption of the New Option Plan, and reserving common shares from treasury for issuance under the New Option Plan.

The purpose of the New Option Plan is to provide the Company with the means to encourage, attract, retain and motivate qualified directors, officers, employees and consultants through equity participation, thus giving them an on-going proprietary interest in the Company.

Particulars of the New Option Plan

A summary of the material terms of the New Option Plan is provided below. Please refer to Schedule "B" of this Information Circular for full text of the New Option Plan. This summary is qualified in its entirety by the full text of the New Option Plan. Unless otherwise specified, all capitalized terms used in the following summary have the same meanings as those given to such terms in the New Option Plan.

Administration: The New Option Plan shall be administered by the Board, or any committee of the Board appointed by the Board to administer the New Option Plan.

Number of Shares Reserved: The maximum number of Common Shares which may be issuable pursuant to outstanding Options granted under the New Option Plan and any other "rolling up to 10%" plans adopted by the Company, from time to time, shall be equal to a maximum of 10% of the total number of issued and outstanding Common Shares calculated on the date an Option is granted or issued. The New Option Plan is an "evergreen" plan meaning any exercise of Options will, subject to the overall limit described above, make new grants available under the New Option Plan resulting in a reloading of the number of Options available for grant.

Eligible Participants: Options shall be granted only to Directors, Officers, Employee, Management Company Employees or Consultants of the Company (or any of its subsidiaries) ("Eligible Participants"), or a company that is wholly owned by an individual Eligible Participant and provided that in each case, the Eligible Participant is an Eligible Participant at the time of the grant. Subject to the foregoing, the Board shall have full and final authority to determine the Eligible Participants who are to be allocated

and granted Options under New Option Plan. The Company and the Eligible Participant are responsible for ensuring and confirming that the Eligible Participant is a bona fide Eligible Participant.

Exercise Price: The exercise price of an Option shall be set when such Option is granted. The minimum exercise price per Common Share shall not be less than the "Discounted Market Price" (as defined in TSXV Policy 1.1 – *Interpretation*) allowed by the TSXV. Options granted to insiders and options granted to any Person with an exercise price that is less than the applicable Market Price or where otherwise required under the TSXV Policies, all Options and any Common Shares issued under such Options exercised prior to the expiry of the Exchange Hold Period shall be legended with the Exchange Hold Period commencing on the date the Options were granted.

Cashless Exercise: The New Option Plan allows Option holders to elect to exercise vested Options on a cashless basis, if, at the time, the Company has engaged a brokerage firm to facilitate cashless exercises. Cashless exercise is a process whereby the selected brokerage firm will loan money to the exercising Option holder to exercise the applicable Options and then sell a sufficient number of the Common Shares underlying the exercised Options in order to repay the loan made to the exercising Option holder.

Maximum Term of Options: Options granted under the New Option Plan can be exercisable for a maximum of 10 years from the date of grant, subject to extension if the expiration date of an option falls within a black out period formally imposed by the Company pursuant to its internal trading policies as a result of the bona fide existence of undisclosed material information, then such expiration date will be automatically extended to the date which is the 10th business day following expiry of the black-out period.

Vesting of Options: Subject to the policies of the TSXV, an Option granted under the New Option Plan shall vest and may be exercised during the term of the Option in accordance with any vesting schedule as the Company may determine; however, Options issued to persons retained to provide Investor Relations Activities (as defined in TSXV Policy 1.1 – *Interpretation*) will be subject to a vesting schedule whereby no more than 25% of the Options granted may be vested in any three month period.

Maximum Options per Person: The number of Common Shares reserved for issuance to any one Eligible Participant pursuant to Options granted under the New Option Plan and awards under any other security based compensation plan during any 12-month period may not exceed 5% (or, in the case of a consultant, 2%) of the issued and outstanding common shares at the time of grant. The number of common shares reserved for issuance to Option holders who are engaged in Investor Relations Activities is limited to an aggregate of 2% of the issued and outstanding common shares at the time of grant. Unless the Company obtains disinterested shareholder approval in accordance with the New Option Plan and the policies of the TSXV, the maximum aggregate number of common shares that may be reserved for issuance to insiders of the Company under the New Option Plan and any other security based compensation plan; and the maximum aggregate number of Options granted to insiders of the Company under the New Option Plan and awards under any other security based compensation plan within a 12-month period, may not exceed 10% of the issued and outstanding common shares as at the time of the applicable grant.

No Assignment: Options may not be assigned or transferred other than by an Eligible Participant to a wholly owned company of such Eligible Participant. Any transfer or issuance to a wholly owned company will be subject to certain restrictions on transfer and control of those personal entities.

Termination Before Expiry: Generally, Options will expire and terminate on a date stipulated at the time of the Option grant. If the Eligible Participant is terminated resigns in any circumstance other than for

cause or upon death, such Option holder's vested Options will expire 90 days following the date the Option holder ceases to be an Eligible Participant or on the expiry of such Option, whichever is earlier. The Company shall have discretion under the New Option Plan to extend the 90-day period in certain circumstances up to a maximum period of 12 months following the date the Option holder ceases to be an Eligible Participant. If an Eligible Participant is terminated for cause, such Options (vested or unvested) will terminate on the day of termination. If an Option holder dies, the vested Options of the deceased Option holder will be exercisable by his/her estate for a period not exceeding one year following the date of death or on the expiry of such Option, whichever is earlier.

Adjustments: The New Option Plan contains provisions for adjustment in the number of common shares or other property issuable on exercise of Options in the event of a share consolidation, split, reclassification or other relevant change in the common shares, or a rights offering, amalgamation, merger or other relevant change in the Company's corporate structure, or any other relevant change in the Company's capitalization. Notwithstanding the provisions of the New Option Plan, upon the occurrence of a consolidation, reorganization, merger, amalgamation, statutory arrangement or other arrangement, the Board shall have the discretion to accelerate the vesting provisions of the Options such that the Options shall be immediately exercisable and terminate immediately before the occurrence of such transaction. Share capital adjustments are subject to the prior approval of the TSXV, except where they relate to share consolidations or share splits.

Amendment and Termination of, and Amendments to, the New Option Plan: The Board may at any time, and from time to time, and without Shareholder approval, amend the New Option Plan to fix typographical errors or to clarify the existing provisions of the New Option Plan that do not substantively alter the scope, nature and intent of the provisions; or terminate the New Option Plan. Except as described below, any other amendment shall require the approval of the TSXV. Notwithstanding the foregoing and any TSXV approval to an amendment, the Company may not do any of the following without disinterested shareholder approval: (i) amend the percentage of common shares issuable under the New Option Plan; (ii) amend the limitations on Options issuable to a single person; (iii) amend the provisions related to Option pricing or the method for determining the exercise price of Options; (iv) alter the definition of "Eligible Participant" or the Persons eligible to participate in the New Option Plan; (v) reduce the exercise price of any Option issued under the New Option Plan issued to an insider; (vi) extend the expiry date of any Option issued under the New Option Plan to an insider; or (vii) amend the expiry and termination provisions in the New Option Plan. The Company may amend the terms of an Option without the acceptance of the TSXV in the following circumstances, (i) to reduce the number of common shares under Option; (ii) to increase the exercise price of an Option; or (iii) to cancel an Option.

A copy of the New Option Plan may be obtained upon request from the Company at Suite 248, 515 West Pender Street, Vancouver, British Columbia, V6B 6H5.

Pursuant to the requirements of the TSXV, the New Option Plan must be approved by a simple majority of the votes cast by the shareholders at the Meeting. The New Option Plan is intended to serve as a successor to the Existing Option Plan. If approved by the shareholders and the TSXV, the New Option Plan will become effective and replace the Existing Option Plan in its entirety. All outstanding Options granted under the Existing Option Plan will continue to be covered by the terms of and conditions of the instrument evidencing such Options and the Existing Option Plan; whereas each Option granted on or after July 15, 2022 will be governed solely by the terms and conditions of the instrument evidencing such Option and the New Option Plan.

Accordingly, the shareholders of the Company will be asked at the Meeting to pass an ordinary resolution, the text of which will be substantially in the form as follows:

"Resolved, as an ordinary resolution, that:

1. the new stock option plan (the "New Option Plan") of the Company, in substantially the form set out in Schedule "B" to the Company's management information circular dated July 8, 2022, be and the same is hereby ratified, confirmed and approved subject to acceptance by the TSXV, and shall thereafter continue and remain in effect until ratification is required pursuant to the rules of the TSXV or other applicable regulatory requirements.
2. the number of common shares of the Company reserved for issuance under the New Option Plan, together with the Company's other securities based compensation plans in existence from time to time is 10% of the then issued and outstanding common shares of the Company.
3. the directors of the Company or any committee of the board of directors of the Company be and is hereby authorized to grant stock options pursuant to and subject to the terms and conditions of the New Option Plan to those eligible to receive stock options thereunder.
4. all unallocated options to acquire common shares of the Company, rights or other entitlements available under the New Option Plan are hereby approved and authorized.
5. the board of directors of the Company is authorized and directed to make any changes to the New Option Plan, if required by the TSXV.
6. 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, and do all such other acts and things that may be necessary or desirable to give effect to the foregoing resolutions."

Adoption of New Articles

The current Articles (the "Previous Articles") of the Company were first implemented on August 21, 2006. The Previous Articles do not reflect up-to-date alignment with the *Business Corporations Act* (British Columbia) (the "BCBCA"), other applicable laws, best practices in corporate governance or the evolution of the Company. As such, new articles of the Company (the "New Articles"), have been proposed to improve alignment with the BCBCA, other applicable laws and prevailing market standards for corporate governance.

At the Meeting, the shareholders will be asked to pass a special resolution approving the New Articles. The below is a summary of certain of the key differences between the Previous Articles and the New Articles, which is qualified in its entirety by the Previous Articles, a copy of which is available upon request from the Company (by email: durangoresourcesinc@gmail.com), and the New Articles, a copy of which is attached hereto as Schedule "A":

- (a) the New Articles explicitly contemplate that shares of the Company may be in the form of an "uncertificated share", as such term is defined in the BCBCA;
- (b) the New Articles provide that shareholders must notify the Company within a reasonable time of a lost, destroyed, or wrongfully taken share certificate in order to assert a claim for a new share certificate, and that if a new share certificate is issued in respect of a lost, destroyed or wrongfully taken share certificate and a protected purchaser presents the original share certificate for the registration of transfer, then the Company may recover the new share certificate from a person to whom it was issued;

- (c) the New Articles provide that the central securities register may be kept in electronic form and that the Company must not at any time close its central securities register;
- (d) the New Articles provide that, in the case of the death of a shareholder, before recognizing a person as a legal person representative of a shareholder, the Board may require certain original documentation or certified and authenticated copies of such documentation under which title to the shares is claimed to vest;
- (e) the New Articles provide that, in respect of registering a transfer of a share of the Company, the Company or the transfer agent or registrar for the class or series of shares to be transferred may require such other evidence to prove the title of the transferor or the transferor's right to transfer the share, that the written instrument of transfer is genuine and authorized and that the transfer is rightful or to a protected purchaser to have the transfer registered;
- (f) the New Articles change the approvals required to alter the share structure of the Company. The Previous Articles provide that certain alterations to the share structure of the Company, including (i) the creation of a class or series of shares; (ii) the elimination of a class or series of shares if no such shares are allotted or issued; (iii) establishing, increasing, reducing, or eliminating the maximum number of shares that the Company is authorized to issue of a class or series of shares; (iv) subdividing or consolidating all or any of the Company's unissued or fully paid issued shares; (v) altering the par value of shares; (vi) altering the identifying name of any of its shares; and (vii) otherwise altering its shares or authorized share structure when required or permitted to do so by the BCBCA (collectively, the "Alterations"), may be authorized by a special resolution (as such term is defined in the BCBCA) of the shareholders (a "Special Resolution"). The New Articles now allow for Alterations to be authorized by an ordinary resolution (as such term is defined in the BCBCA) of the shareholders (an "Ordinary Resolution"), and that a right or special right attached to issued shares must not be prejudiced or interfered with under the BCBCA, the Company's Notice of Articles or the New Articles unless the holders of shares of the class or series to which the right or special right is attached consent by a separate Special Resolution of the holders of such class or series of shares. In particular, the Previous Articles did not provide that a subdivision or consolidation of shares could be authorized by a resolution of the Board in accordance with section 140 of the BCBCA (a "Directors' Resolution"), whereas the New Articles do contain such a provision;
- (g) the Previous Articles provide those alterations to the articles of the Company for which the BCBCA and the Previous Articles do not specify the type of resolution required may be authorized by Special Resolution. The New Articles provide that such alterations to the articles of the Company may be authorized by Ordinary Resolution;
- (h) the New Articles include rules regarding the requirement for advance notice for the nomination of directors of the Company (the "Advance Notice Provisions") to stand for election at an annual meeting or special meeting of shareholders. Pursuant to the Advance Notice Provisions, shareholders can nominate individuals to become eligible for election to the Board (each, a "Proposed Nominee") by submitting a written notice, accompanied by a duly signed consent of the Proposed Nominee to being named as a nominee and certifying that such Proposed Nominee is not disqualified from acting as a director under the BCBCA, to the Company (by personal delivery or courier, but not by facsimile or email) at its principal executive offices or registered office within the following timelines: (i) in the case of an annual meeting of shareholders (including an annual and special meeting), not later than 5:00 p.m. (Vancouver time) on the 30th day before the date of such annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on

which the first public announcement of the date of the annual meeting was made by the Company (the "Meeting Notice Date"), no later than the close of business on the 10th day following the Meeting Notice Date; and (ii) in the case of a special meeting of shareholders (which is not also an annual meeting) called for any purpose which includes the election of directors to the Board, not later than the close of business on the 15th day following the day on which public announcement of the date of such special meeting is first made, subject to certain differences with respect to notice-and-access is used. The written notice must set out specific information with regards to both the Proposed Nominee and the shareholder nominating such Proposed Nominee as further described in Section 10.12(4) of the New Articles;

- (i) the New Articles provide that the Board may determine that a meeting of shareholders shall be held entirely or partially by means of telephone, electronic or other communications facilities, that any vote at a meeting of the shareholders may be held entirely or partially by means of telephonic, electronic or other communication facilities if the directors determine to make them available whether or not the persons entitled to attend participate by such means, and that the instructing of proxy holders may be carried out by means of telephonic, electronic or other communications facility in addition to or in substitution for instructing proxy holders by mail;
- (j) the New Articles provide that the number of directors is the number determined from time to time by Directors' Resolution or Ordinary Resolution. The Previous Articles provide that, so long as the Company is a public company, the number of directors shall be the greater of three and the number most recently established by Ordinary Resolution or, if at a meeting where there should be an election of directors, the places of any retiring directors are not filled by that election, the number of directors actually elected or continued into office;
- (k) the New Articles provide that the provisions pertaining to alternate directors (Article 15 of the New Articles) do not apply so long as the Company is a public company. The provisions pertaining to alternate directors in the Previous Articles apply whether or not the Company is a public company; and

the New Articles contemplate that notice may be sent a person as permitted by applicable securities legislation, enabling the Company to use notice-and-access (as such term is defined in Canadian securities regulation).

In connection with shareholder approval of the New Articles, management will place the following proposed special resolution (the "New Articles Resolution") before the shareholders at the Meeting for their consideration. In order to be passed, not less than two-thirds (2/3) of the votes cast at the Meeting by shareholders of the Company present in person or by proxy must be voted in favour of the New Articles Resolution.

"Resolved, as a special resolution, that:

1. the existing Articles of the Company be replaced in their entirety with the form of Articles set out in Schedule "A" to the Company's management information circular dated July 8, 2022, to become effective at a date in the future to be determined by the board of directors of the Company, and such replacement of the Articles of the Company shall not take effect until these resolutions are passed and received for deposit at the Company's records office;
2. any one director or officer of the Company is hereby authorized to execute and deliver on behalf of the Company all such documents and instruments and to do all such other acts and things as

in such director or officer's opinion may be necessary to give effect to the matters contemplated by these resolutions; and

3. notwithstanding that this resolution be passed by the shareholders of the Company, the directors of the Company are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Company, at any time if such revocation is considered necessary or desirable to the directors."

The Board has determined that the adoption of the New Articles is in the best interests of the Company and its shareholders and accordingly, the Board recommends that shareholders vote **FOR** the New Articles Resolution. Unless otherwise instructed, common shares represented by proxies in favour of management will be voted FOR the New Articles Resolution.

If the shareholders do not approve the New Articles, the Company's current Articles will remain as the Articles of the Company.

Increase in Authorized Share Structure

The Company's current authorized share capital is limited to 100,000,000 common shares without par value. The Board wishes to amend the Company's Notice of Articles to increase the authorized share capital of the Company's common shares from 100,000,000 common shares without par value to an unlimited number of common shares without par value to provide the Company with greater flexibility for future corporate activities.

The proposed amendment to the Company's Notice of Articles requires the affirmative vote of not less than two-thirds (2/3) of the votes cast at the Meeting by shareholders of the Company present in person or by proxy. Accordingly, the Company's shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, a special resolution in the following form (the "Notice of Articles Resolution"):

"Resolved, as a special resolution, that:

1. the authorized share structure of the Company be increased from 100,000,000 common shares without par value to an unlimited number of common shares without par value and the Notice of Articles for the Company be altered accordingly.
2. subject to the deposit at the Company's records office of this resolution and receipt of instructions from the Company's board of directors, the solicitors for the Company are authorized and directed to file a Notice of Alteration with the Registrar of Companies to effect the foregoing change; and
3. 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 and do all such other acts and things as may be necessary or desirable to give effect to the above resolution."

This amendment to the Notice of Articles of the Company shall take effect immediately on the date and time the Notice of Alteration of the Articles is filed with the Registrar of Companies (British Columbia).

The Board has determined that the amendment of the Notice of Articles of the Company is in the best interests of the Company and its shareholders and accordingly, the Board recommends that

shareholders vote **FOR** the Notice of Articles Resolution. Unless otherwise instructed, common shares represented by proxies in favour of management will be voted FOR the Notice of Articles Resolution.

If the shareholders do not approve the amendment to the Notice of Articles of the Company, the authorized share capital of 100,000,000 common shares will remain as set forth in the current Notice of Articles of the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Financial information relating to the Company is included in the Company's comparative audited financial statements for the year ended July 31, 2021, and management discussion analysis and the accompanying auditors' report. Copies of the comparative annual financial statements and management and discussion analysis, as well as additional copies of this Information Circular, may be obtained on SEDAR or upon request from the Company at:

DURANGO RESOURCES INC.
PO Box 31880
Richmond, British Columbia, V7E 0B5
Phone: (604) 428-2900

OTHER MATERIAL FACTS

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Annual General Meeting. Should any other matter properly come before the Meeting, the common shares represented by the proxy solicited hereby will be voted on such matter in accordance with the best judgment of the persons voting by proxy.

DATED at Vancouver, British Columbia, on the 8th day of July 2022.

ON BEHALF OF THE BOARD OF DIRECTORS

/s/ Marcy Kiesman

Marcy Kiesman
President, Chief Executive Officer and Director

SCHEDULE "A"
DURANGO RESOURCES INC.
NEW ARTICLES

See attached.

Incorporation Number BC0766575

**ARTICLES
OF
DURANGO RESOURCES INC.
PROVINCE OF BRITISH COLUMBIA
*BUSINESS CORPORATIONS ACT***

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ARTICLES

DURANGO RESOURCES INC.

(the "Company")

**ARTICLE 1
INTERPRETATION**

Section 1.1 Definitions

In these Articles, unless the context otherwise requires:

- (1) "**appropriate person**" has the meaning assigned in the *Securities Transfer Act*;
- (2) "**BCA**" means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (3) "**board of directors**" and "**board**" mean the board of directors or sole director of the Company for the time being;
- (4) "**director**" means a person who is a director of the Company for the time being;
- (5) "**directors' resolution**" means a resolution of the board of directors passed at a meeting of the board or consented to by the directors in accordance with Section 140 of the BCA and Section 18.12;
- (6) "**Interpretation Act**" means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (7) "**legal personal representative**" means the personal or other legal representative of a shareholder or other person, as the context requires;
- (8) "**protected purchaser**" has the meaning assigned in the *Securities Transfer Act*;
- (9) "**registered address**" of a shareholder means the shareholder's address as recorded in the central securities register;
- (10) "**seal**" means the seal of the Company, if any;
- (11) "**Securities Act**" means the *Securities Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (12) "**securities legislation**" means statutes concerning the regulation of securities markets and trading in securities and the regulations, rules, forms and schedules under those statutes, all as amended from time to time, and the blanket rulings and orders, as amended from time to time, issued by the securities commissions or similar regulatory authorities appointed under or pursuant to those statutes; "**Canadian securities legislation**" means the securities legislation in any province or territory of Canada and includes the *Securities Act*; and "**U.S. securities**

legislation" means the securities legislation in the federal jurisdiction of the United States and in any state of the United States and includes the *Securities Act* of 1933 and the *Securities Exchange Act* of 1934;

(13) "**Securities Transfer Act**" means the *Securities Transfer Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act; and

(14) "**special business**" has the meaning set out in Section 11.1.

Section 1.2 BCA and Interpretation Act Definitions Applicable

The definitions in the BCA and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment.

Section 1.3 Conflicts or Inconsistencies

If there is a conflict between a definition in the BCA and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the BCA will prevail in relation to the use of the term in these Articles. If there is a conflict or inconsistency between these Articles and the BCA, the BCA will prevail.

ARTICLE 2 SHARES AND SHARE CERTIFICATES

Section 2.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

Section 2.2 Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the BCA.

Section 2.3 Shareholder Entitled to Certificate or Acknowledgement

Unless the shares of which the shareholder is the registered owner are uncertificated shares within the meaning of the BCA, each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgement of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgement and delivery of a share certificate or an acknowledgement to one of several joint shareholders or to a duly authorized agent of one of the joint shareholders will be sufficient delivery to all.

Section 2.4 Delivery by Mail

Any share certificate or non-transferable written acknowledgement of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

Section 2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the Company is satisfied that a share certificate or a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate is worn out or defaced, it must, on production to it of

the share certificate or acknowledgement, as the case may be, and on such other terms, if any, as it thinks fit:

- (1) order the share certificate or acknowledgement, as the case may be, to be cancelled; and
- (2) issue a replacement share certificate or acknowledgement, as the case may be.

Section 2.6 Replacement of Lost, Destroyed or Wrongfully Taken Certificate

If a person entitled to a share certificate claims that the share certificate has been lost, destroyed or wrongfully taken, the Company must issue a new share certificate, if that person:

- (1) so requests before the Company has notice that the share certificate has been acquired by a protected purchaser;
- (2) provides the Company with an indemnity bond sufficient in the Company's judgement to protect the Company from any loss that the Company may suffer by issuing a new certificate; and
- (3) satisfies any other reasonable requirements imposed by the Company.

A person entitled to a share certificate may not assert against the Company a claim for a new share certificate where a share certificate has been lost, apparently destroyed or wrongfully taken if that person fails to notify the Company of that fact within a reasonable time after that person has notice of it and the Company registers a transfer of the shares represented by the certificate before receiving a notice of the loss, apparent destruction or wrongful taking of the share certificate.

Section 2.7 Recovery of New Share Certificate

If, after the issue of a new share certificate, a protected purchaser of the original share certificate presents the original share certificate for the registration of transfer, then in addition to any rights under any indemnity bond, the Company may recover the new share certificate from a person to whom it was issued or any person taking under that person other than a protected purchaser.

Section 2.8 Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as represented by the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

Section 2.9 Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Section 2.5, Section 2.6, or Section 2.8, the amount, if any and which must not exceed the amount prescribed under the BCA, determined by the board.

Section 2.10 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as required by law or statute or these Articles or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

ARTICLE 3 ISSUE OF SHARES

Section 3.1 Board Authorized

Subject to the BCA and the rights, if any, of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the board may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

Section 3.2 Commissions and Discounts

The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

Section 3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

Section 3.4 Conditions of Issue

Except as provided for by the BCA, no share may be issued until it is fully paid. A share is fully paid when:

- (1) consideration is provided to the Company for the issue of the share by one or more of the following:
 - (a) past services performed for the Company;
 - (b) property;
 - (c) money; and
- (2) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Section 3.1.

Section 3.5 Share Purchase Warrants and Rights

Subject to the BCA, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the board determines, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

ARTICLE 4 SHARE REGISTERS

Section 4.1 Central Securities Register

As required by and subject to the BCA, the Company must maintain a central securities register, which may be kept in electronic form. The board may, subject to the BCA, appoint an agent to maintain the central securities register. The board may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series

of its shares, as the case may be. The board may terminate such appointment of any agent at any time and may appoint another agent in its place.

Section 4.2 Closing Register

The Company must not at any time close its central securities register.

ARTICLE 5 SHARE TRANSFERS

Section 5.1 Registering Transfers

Subject to Article 26, the BCA and the *Securities Transfer Act*, the Company must register a transfer of a share of the Company if either:

- (1) the Company or the transfer agent or registrar for the class or series of shares to be transferred has received:
 - (a) in the case where the Company has issued a share certificate in respect of the share to be transferred, that share certificate and a written instrument of transfer (which may be on a separate document or endorsed on the share certificate) made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;
 - (b) in the case of a share that is not represented by a share certificate (including an uncertificated share within the meaning of the BCA and including the case where the Company has issued a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate in respect of the share to be transferred), a written instrument of transfer, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person; and
 - (c) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of shares to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, that the written instrument of transfer is genuine and authorized and that the transfer is rightful or to a protected purchaser; or
- (2) all the preconditions for a transfer of a share under the *Securities Transfer Act* have been met and the Company is required under the *Securities Transfer Act* to register the transfer.

Section 5.2 Waivers of Requirements for Transfer

The Company may waive any of the requirements set out in Section 5.1(1) and any of the preconditions referred to in Section 5.1(2).

Section 5.3 Form of Instrument of Transfer

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form satisfactory to the Company or the transfer agent for the class or series of shares to be transferred.

Section 5.4 Transferor Remains Shareholder

Except to the extent that the BCA otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

Section 5.5 Signing of Instrument of Transfer

If a shareholder or other appropriate person or an agent who has actual authority to act on behalf of that person, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified but share certificates are deposited with the instrument of transfer, all the shares represented by such share certificates:

- (1) in the name of the person named as transferee in that instrument of transfer; or
- (2) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

Section 5.6 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgement of a right to obtain a share certificate for such shares.

Section 5.7 Transfer Fee

Subject to the applicable rules of any stock exchange on which the shares of the Company may be listed, there must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the board.

ARTICLE 6 TRANSMISSION OF SHARES

Section 6.1 Legal Personal Representative Recognized on Death

In the case of the death of a shareholder, the legal personal representative of the shareholder, or in the case of shares registered in the shareholder's name and the name of another person in joint tenancy, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of a shareholder, the board may require the original grant of probate or letters of administration or a court certified copy of them or the original or a court certified or authenticated copy of the grant of representation, will, order or other instrument or other evidence of the death under which title to the shares or securities is claimed to vest.

Section 6.2 Rights of Legal Personal Representative

The legal personal representative of a shareholder has the rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles and applicable securities legislation, if appropriate evidence of appointment or incumbency within the meaning of the *Securities Transfer Act* has been deposited with the Company. This Section 6.2 does not apply in the case of the death of a shareholder with respect to shares registered in the shareholder's name and the name of another person in joint tenancy.

**ARTICLE 7
ACQUISITION OF COMPANY'S SHARES**

Section 7.1 Company Authorized to Purchase or Otherwise Acquire Shares

Subject to Section 7.2, the special rights or restrictions attached to the shares of any class or series of shares, the BCA and applicable securities legislation, the Company may, if authorized by the board, purchase or otherwise acquire any of its shares at the price and upon the terms determined by the board.

Section 7.2 No Purchase, Redemption or Other Acquisition When Insolvent

The Company must not make a payment or provide any other consideration to purchase, redeem or otherwise acquire any of its shares if there are reasonable grounds for believing that:

- (1) the Company is insolvent; or
- (2) making the payment or providing the consideration would render the Company insolvent.

Section 7.3 Sale and Voting of Purchased, Redeemed or Otherwise Acquired Shares

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

- (1) is not entitled to vote the share at a meeting of its shareholders;
- (2) must not pay a dividend in respect of the share; and
- (3) must not make any other distribution in respect of the share.

**ARTICLE 8
BORROWING POWERS**

Section 8.1 Borrowing Powers

The Company, if authorized by the board, may:

- (1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that the board considers appropriate;
- (2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as the board considers appropriate;
- (3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (4) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

**ARTICLE 9
ALTERATIONS**

Section 9.1 Alteration of Authorized Share Structure

Subject to Section 9.2, the special rights or restrictions attached to the shares of any class or series of shares and the BCA, the Company may:

- (1) by ordinary resolution;
 - (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
 - (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
 - (c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
 - (d) if the Company is authorized to issue shares of a class of shares with par value:
 - (i) decrease the par value of those shares; or
 - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
 - (e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
 - (f) alter the identifying name of any of its shares; or
 - (g) otherwise alter its shares or authorized share structure when required or permitted to do so by the BCA;

and, if applicable, alter its Notice of Articles and, if applicable, its Articles, accordingly; or

- (2) by directors' resolution, subdivide or consolidate all or any of its unissued, or fully paid issued, shares and if applicable, alter its Notice of Articles and, if applicable, its Articles accordingly.

Section 9.2 Special Rights or Restrictions

Subject to the special rights or restrictions attached to the shares of any class or series of shares and the BCA, the Company may by ordinary resolution:

- (1) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- (2) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued;

and alter its Articles and Notice of Articles accordingly.

Section 9.3 No Interference with Class or Series Rights without Consent

A right or special right attached to issued shares must not be prejudiced or interfered with under the BCA, the Notice of Articles or these Articles unless the holders of shares of the class or series of shares to which the right or special right is attached consent by a special separate resolution of the holders of such class or series of shares.

Section 9.4 Change of Name

The Company may by directors' resolution or ordinary resolution authorize an alteration to its Notice of Articles in order to change its name.

Section 9.5 Other Alterations

If the BCA does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by ordinary resolution alter these Articles.

ARTICLE 10 MEETINGS OF SHAREHOLDERS

Section 10.1 Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the BCA, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and, subject to Section 10.4, at such place, either in or outside British Columbia, as may be determined by the board.

Section 10.2 Resolution Instead of Annual General Meeting

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Section 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

Section 10.3 Calling of Meetings of Shareholders

The board may, at any time, call a meeting of shareholders, to be held at such time and, subject to Section 10.4, at such place, either in or outside British Columbia, as may be determined by the board.

Section 10.4 Electronic Meetings

- (1) The board may determine that a meeting of shareholders shall be held entirely by means of telephone, electronic or other communications facilities, as set out in the notice of meeting, if all persons attending the meeting are able to participate in it, whether by telephone, electronic or other communications medium (a "**fully electronic meeting**"). No physical location is required for a fully electronic meeting.
- (2) A meeting of shareholders may also be held at which some, but not necessarily all, persons entitled to attend may participate by means of such communications facilities, if the board determines to make them available.
- (3) A person participating in a meeting by telephone, electronic or other communications facilities is deemed to be present at the meeting.

Section 10.5 Notice for Meetings of Shareholders

The Company must send notice of the date, time and, unless the meeting is a fully electronic meeting, the location of any meeting of shareholders (including, without limitation, any notice specifying the intention to propose a resolution as an exceptional resolution, a special resolution or a special separate resolution, and any notice to consider approving an amalgamation into a foreign jurisdiction, an arrangement or the adoption of an amalgamation agreement, and any notice of a general meeting, class meeting or series meeting), in the manner provided in these Articles, or in such other manner, if

any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

If the meeting is an electronic meeting as defined in the BCA, the notice of meeting must also contain such other information as is required by the BCA.

Section 10.6 Record Date for Notice

The board may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the BCA, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

Section 10.7 Record Date for Voting

The board may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the BCA, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

Section 10.8 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting of shareholders to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive that entitlement or agree to reduce the period of that notice. Attendance of a person at a meeting of shareholders is a waiver of entitlement to notice of the meeting unless that person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

Section 10.9 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Section 11.1, the notice of meeting must:

- (1) state the general nature of the special business; and
- (2) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:

- (a) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and
- (b) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

Section 10.10 Class Meetings and Series Meetings of Shareholders

Unless otherwise specified in these Articles, the provisions of these Articles relating to a meeting of shareholders will apply with the necessary changes and so far as they are applicable, to a class meeting or series meeting of shareholders holding a particular class or series of shares.

Section 10.11 Notice of Dissent Rights

The Company must send to each of its shareholders, whether or not their shares carry the right to vote, a notice of any meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered specifying the date of the meeting and containing a statement advising of the right to send a notice of dissent together with a copy of the proposed resolution at least the following number of days before the meeting:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

Section 10.12 Advance Notice Provisions

(1) *Nomination of Directors*

Subject only to the BCA and these Articles, only persons who are nominated in accordance with the procedures set out in this Section 10.12 shall be eligible for election as directors to the board of directors of the Company. Nominations of persons for election to the board may only be made at an annual meeting of shareholders, or at a special meeting of shareholders called for any purpose at which the election of directors is a matter specified in the notice of meeting, as follows:

- (a) by or at the direction of the board or an authorized officer of the Company, including pursuant to a notice of meeting;
- (b) by or at the direction or request of one or more shareholders pursuant to a valid proposal made in accordance with the provisions of the BCA or a valid requisition of shareholders made in accordance with the provisions of the BCA; or
- (c) by any person entitled to vote at such meeting (a "**Nominating Shareholder**"), who:
 - (i) is, at the close of business on the date of giving notice provided for in this Section 10.12 and on the record date for notice of such meeting, either entered in the securities register of the Company as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and provides evidence of such beneficial ownership to the Company; and
 - (ii) has given timely notice in proper written form as set forth in this Section 10.12.

(2) *Exclusive Means*

For the avoidance of doubt, this Section 10.12 shall be the exclusive means for any person to bring nominations for election to the board before any annual or special meeting of shareholders of the Company.

(3) **Timely Notice**

In order for a nomination made by a Nominating Shareholder to be timely notice (a "**Timely Notice**"), the Nominating Shareholder's notice must be received by the corporate secretary of the Company at the principal executive offices or registered office of the Company:

- (a) in the case of an annual meeting of shareholders (including an annual and special meeting), not later than 5:00 p.m. (Vancouver time) on the 30th day before the date of the meeting; provided, however, if the first public announcement made by the Company of the date of the meeting (each such date being the "**Notice Date**") is less than 50 days before the meeting date, notice by the Nominating Shareholder may be given not later than the close of business on the 10th day following the Notice Date; and
- (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose which includes the election of directors to the board, not later than the close of business on the 15th day following the Notice Date;

provided that, in either instance, if notice-and-access (as defined in National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*) is used for delivery of proxy related materials in respect of a meeting described in Section 10.12(3)(a) or Section 10.12(3)(b), and the Notice Date in respect of the meeting is not less than 50 days before the date of the applicable meeting, the notice must be received not later than the close of business on the 40th day before the date of the applicable meeting.

(4) **Proper Form of Notice**

To be in proper written form, a Nominating Shareholder's notice to the corporate secretary must comply with all the provisions of this Section 10.12 and disclose or include, as applicable:

- (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (a "**Proposed Nominee**"):
 - (i) the name, age, business and residential address of the Proposed Nominee;
 - (ii) the principal occupation/business or employment of the Proposed Nominee, both presently and for the past five years;
 - (iii) the number of securities of each class of securities of the Company or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by the Proposed Nominee, as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;
 - (iv) full particulars of any relationships, agreements, arrangements or understandings (including financial, compensation or indemnity related) between the Proposed Nominee and the Nominating Shareholder, or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Proposed Nominee or the Nominating Shareholder;

- (v) any other information that would be required to be disclosed in a dissident proxy circular or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to the BCA or applicable securities law; and
 - (vi) a written consent of each Proposed Nominee to being named as nominee and certifying that such Proposed Nominee is not disqualified from acting as director under the provisions of subsection 124(2) of the BCA; and
- (b) as to each Nominating Shareholder giving the notice, and each beneficial owner, if any, on whose behalf the nomination is made:
- (i) their name, business and residential address;
 - (ii) the number of securities of the Company or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by the Nominating Shareholder or any other person with whom the Nominating Shareholder is acting jointly or in concert with respect to the Company or any of its securities, as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;
 - (iii) their interests in, or rights or obligations associated with, any agreement, arrangement or understanding, the purpose or effect of which is to alter, directly or indirectly, the person's economic interest in a security of the Company or the person's economic exposure to the Company;
 - (iv) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the Nominating Shareholder or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Nominating Shareholder and any Proposed Nominee;
 - (v) full particulars of any proxy, contract, relationship arrangement, agreement or understanding pursuant to which such person, or any of its affiliates or associates, or any person acting jointly or in concert with such person, has any interests, rights or obligations relating to the voting of any securities of the Company or the nomination of directors to the board;
 - (vi) a representation that the Nominating Shareholder is a holder of record of securities of the Company, or a beneficial owner, entitled to vote at such meeting, and intends to appear in person or by proxy at the meeting to propose such nomination;
 - (vii) a representation as to whether such person intends to deliver a proxy circular and/or form of proxy to any shareholder of the Company in connection with such nomination or otherwise solicit proxies or votes from shareholders of the Company in support of such nomination; and
 - (viii) any other information relating to such person that would be required to be included in a dissident proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* or as required by applicable securities law.

Reference to "**Nominating Shareholder**" in this Section 10.12(4) shall be deemed to refer to each shareholder that nominated or seeks to nominate a person for election as director in the case of a nomination proposal where more than one shareholder is involved in making the nomination proposal.

(5) ***Currency of Nominee Information***

All information to be provided in a Timely Notice pursuant to this Section 10.12 shall be provided as of the date of such notice. The Nominating Shareholder shall provide the Company with an update to such information forthwith so that it is true and correct in all material respects as of the date that is 10 business days before the date of the meeting, or any adjournment or postponement thereof.

(6) ***Delivery of Information***

Notwithstanding Article 24 of these Articles, any notice, or other document or information required to be given to the corporate secretary pursuant to this Section 10.12 may only be given by personal delivery or courier (but not by fax or email) to the corporate secretary at the address of the principal executive offices or registered office of the Company and shall be deemed to have been given and made on the date of delivery if it is a business day and the delivery was made prior to 5:00 p.m. (Vancouver time) and otherwise on the next business day.

(7) ***Defective Nomination Determination***

The chair of any meeting of shareholders of the Company shall have the power to determine whether any proposed nomination is made in accordance with the provisions of this Section 10.12, and if any proposed nomination is not in compliance with such provisions, must as soon as practicable following receipt of such nomination and prior to the meeting declare that such defective nomination shall not be considered at any meeting of shareholders.

(8) ***Failure to Appear***

Despite any other provision of this Section 10.12, if the Nominating Shareholder (or a qualified representative of the Nominating Shareholder) does not appear at the meeting of shareholders of the Company to present the nomination, such nomination shall be disregarded, notwithstanding that proxies in respect of such nomination may have been received by the Company.

(9) ***Waiver***

The board may, in its sole discretion, waive any requirement in this Section 10.12.

(10) ***Definitions***

For the purposes of this Section 10.12, "**public announcement**" means disclosure in a press release disseminated by the Company through a national news service in Canada, or in a document filed by the Company for public access under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com.

ARTICLE 11 PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

Section 11.1 Special Business

At a meeting of shareholders, the following business is special business:

- (1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;

- (2) at an annual general meeting, all business is special business except for the following:
- (a) business relating to the conduct of or voting at the meeting;
 - (b) consideration of any financial statements of the Company presented to the meeting;
 - (c) consideration of any reports of the board or auditor;
 - (d) the setting or changing of the number of directors;
 - (e) the election or appointment of directors;
 - (f) the appointment of an auditor;
 - (g) the setting of the remuneration of an auditor;
 - (h) business arising out of a report of the board not requiring the passing of a special resolution or an exceptional resolution;
 - (i) any non-binding advisory vote; and
 - (j) any other business which, under these Articles or the BCA, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

Section 11.2 Special Majority

The majority of votes required for the Company to pass a special resolution at a general meeting of shareholders is two-thirds of the votes cast on the resolution.

Section 11.3 Quorum

Subject to the special rights or restrictions attached to the shares of any class or series of shares, a quorum for the transaction of business at a meeting of shareholders is present if shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting are present in person or represented by proxy, irrespective of the number of persons actually present at the meeting.

Section 11.4 Persons Entitled to Attend Meeting

In addition to those persons who are entitled to vote at a meeting of shareholders, the only other persons entitled to be present at the meeting are the directors, the officers, any lawyer for the Company, the auditor of the Company, any persons invited to be present at the meeting by the board or by the chair of the meeting and any other persons who, although not entitled to vote, are entitled or required under the BCA or these Articles to be present at the meeting; but if any of those persons does attend the meeting, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

Section 11.5 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

Section 11.6 Lack of Quorum

If, within one-half hour from the time set for holding a meeting of shareholders, a quorum is not present:

- (1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and
- (2) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

Section 11.7 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Section 11.6(2) was adjourned, a quorum is not present within one-half hour from the time set for holding the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

Section 11.8 Chair

The following individual is entitled to preside as chair at a meeting of shareholders:

- (1) the chair of the board, if any; or
- (2) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

Section 11.9 Selection of Alternate Chair

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose one of their number to be chair of the meeting. If all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

Section 11.10 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

Section 11.11 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting of shareholders or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

Section 11.12 Electronic Voting

Any vote at a meeting of shareholders may be held entirely or partially by means of telephonic, electronic or other communications facilities if the directors determine to make them available whether or not persons entitled to attend participate in the meeting by means of telephonic, electronic or other communications facilities.

Section 11.13 Decisions by Show of Hands or Poll

Subject to the BCA, every motion put to a vote at a meeting of shareholders will be decided on a show of hands or the functional equivalent of a show of hands by means of telephonic, electronic or other communications facilities, unless a poll, before or on the declaration of the result of the vote by show of hands (or its functional equivalent), is directed by the chair or demanded by any shareholder entitled to vote who is present in person or by proxy.

Section 11.14 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands (or its functional equivalent) or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Section 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

Section 11.15 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

Section 11.16 Casting Vote

In the case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

Section 11.17 Manner of Taking Poll

Subject to Section 11.18, if a poll is duly demanded at a meeting of shareholders:

- (1) the poll must be taken:
 - (a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
 - (b) in the manner, at the time and at the place that the chair of the meeting directs;
- (2) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
- (3) the demand for the poll may be withdrawn by the person who demanded it.

Section 11.18 Demand for Poll on Adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

Section 11.19 Chair Must Resolve Dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

Section 11.20 Casting of Votes

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

Section 11.21 No Demand for Poll on Election of Chair

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

Section 11.22 Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of the meeting for the transaction of any business other than the question on which a poll has been demanded.

Section 11.23 Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

ARTICLE 12 VOTES OF SHAREHOLDERS

Section 12.1 Number of Votes by Shareholder or by Shares

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Section 12.3:

- (1) on a vote by show of hands (or its functional equivalent), every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and
- (2) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

Section 12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the board, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

Section 12.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

- (1) any one of the joint shareholders may vote at any meeting of shareholders, personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (2) if more than one of the joint shareholders is present at any meeting of shareholders, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

Section 12.4 Legal Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Section 12.3, deemed to be joint shareholders registered in respect of that share.

Section 12.5 Representative of a Corporate Shareholder

If a corporation that is not a subsidiary of the Company is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

- (1) for that purpose, the instrument appointing a representative must be received:

- (a) at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned meeting; or
 - (b) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting or by a person designated by the chair of the meeting or adjourned meeting;
- (2) if a representative is appointed under this Section 12.5:
- (a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
 - (b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

Section 12.6 When Proxy Holder Need Not Be Shareholder

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

- (1) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Section 12.5;
- (2) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting;
- (3) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting; or
- (4) the Company is a public company.

Section 12.7 When Proxy Provisions Do Not Apply to the Company

If and for so long as the Company is a public company, Section 12.8 to Section 12.16 apply only insofar as they are not inconsistent with any Canadian securities legislation applicable to the Company, any U.S. securities legislation applicable to the Company or any rules of an exchange on which securities of the Company are listed.

Section 12.8 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders may, by proxy, appoint one or more proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy. The instructing of proxy holders may be carried out by means of telephonic, electronic or other communications facility in addition to or in substitution for instructing proxy holders by mail.

Section 12.9 Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

Section 12.10 Deposit of Proxy

Subject to Section 12.13 and Section 12.15, a proxy for a meeting of shareholders must:

- (1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned meeting; or
- (2) unless the notice provides otherwise, be received, at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting or by a person designated by the chair of the meeting or adjourned meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages or by using such available telephone or internet voting services as may be approved by the board.

Section 12.11 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (1) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting or any adjourned meeting at which the proxy is to be used; or
- (2) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given has been taken.

Section 12.12 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the board or the chair of the meeting:

[name of company]

(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints [name] or, failing that person, [name], as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on [month, day, year] and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the undersigned):

Signed [month, day, year]

[Signature of shareholder]

[Name of shareholder - printed]

Section 12.13 Revocation of Proxy

Subject to Section 12.14 and Section 12.15, every proxy may be revoked by an instrument in writing that is received:

- (1) at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting or any adjourned meeting at which the proxy is to be used; or
- (2) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given has been taken.

Section 12.14 Revocation of Proxy Must Be Signed

An instrument referred to in Section 12.13 must be signed as follows:

- (1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy; or
- (2) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Section 12.5.

Section 12.15 Chair May Determine Validity of Proxy.

The chair of any meeting of shareholders may, at his or her sole discretion, determine whether or not a proxy deposited for use at the meeting, which may not strictly comply with the requirements of this Article 12 as to form, execution, accompanying documentation, time of filing or otherwise, shall be valid for use at the meeting, and any such determination made in good faith shall be final, conclusive and binding upon the meeting.

Section 12.16 Production of Evidence of Authority to Vote

The board or the chair of any meeting of shareholders may, but need not, at any time (including before, at or subsequent to the meeting), inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence for the purposes of determining a person's share ownership as at the relevant record date and the authority to vote.

ARTICLE 13 DIRECTORS

Section 13.1 Number of Directors

- (1) The number of directors is the number determined from time to time by directors' resolution or ordinary resolution.
- (2) If the number of directors has not been determined as provided in paragraph (1), the number of directors is equal to the number of directors designated as directors in the Notice of Articles that applied when the Company was recognized under the BCA or the number of directors holding office immediately following the most recent election or appointment of directors,

whether at an annual or special general meeting of the shareholders, by a consent resolution of shareholders, or by the directors pursuant to Section 14.4, Section 14.5 or Section 14.8.

- (3) Notwithstanding paragraph (2), the minimum number of directors is one or, if the company is a public company, three.

Section 13.2 Change in Number of Directors

If the number of directors is set under Section 13.1(1):

- (1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number; and
- (2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number at the first meeting of shareholders following the setting of that number, then the board, subject to Section 14.8, may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

No decrease in the number of directors will shorten the term of an incumbent director.

Section 13.3 Board's Acts Valid Despite Vacancy

An act or proceeding of the board is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

Section 13.4 Qualifications of Directors

A director is not required to hold a share of the Company as qualification for his or her office but must be qualified as required by the BCA to become, act or continue to act as a director.

Section 13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the board may from time to time determine. If the board so decides, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

Section 13.6 Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

Section 13.7 Special Remuneration for Directors

If any director performs any professional or other services for the Company that in the opinion of the board are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the board, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

Section 13.8 Gratuity, Pension or Allowance on Retirement of Director

Unless otherwise determined by ordinary resolution, the board on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

**ARTICLE 14
ELECTION AND REMOVAL OF DIRECTORS**

Section 14.1 Election at Annual General Meeting

At every annual general meeting and in every unanimous resolution contemplated by Section 10.2:

- (1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and
- (2) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (1) but are eligible for re-election or re-appointment.

Section 14.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

- (1) that individual consents to be a director in the manner provided for in the BCA;
- (2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or
- (3) with respect to first directors, the designation is otherwise valid under the BCA.

Section 14.3 Failure to Elect or Appoint Directors

If:

- (1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Section 10.2, on or before the date by which the annual general meeting is required to be held under the BCA; or
- (2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Section 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (3) when his or her successor is elected or appointed; and
- (4) when he or she otherwise ceases to hold office under the BCA or these Articles.

Section 14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose.

Section 14.5 Board May Fill Casual Vacancies

Any casual vacancy occurring in the board of directors may be filled by the remaining directors. For greater certainty, the appointment of a director to fill a casual vacancy as contemplated by this section is not the appointment of an additional director for the purposes of Section 14.8.

Section 14.6 Remaining Directors' Power to Act

The board may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the board may only act for the purpose of:

- (1) appointing directors up to that number; or
- (2) calling a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the BCA, for any other purpose.

Section 14.7 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

Section 14.8 Additional Directors

Notwithstanding Section 13.1 and Section 13.2, between annual general meetings or unanimous resolutions contemplated by Section 10.2, the board may appoint one or more additional directors, but the number of additional directors appointed under this Section 14.8 must not at any time exceed:

- (1) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or
- (2) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Section 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Section 14.1(1), but is eligible for re-election or re-appointment.

Section 14.9 Ceasing to be a Director

A director ceases to be a director when:

- (1) the term of office of the director expires;
- (2) the director dies;
- (3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (4) the director is removed from office pursuant to Section 14.10 or Section 14.11.

Section 14.10 Removal of Director by Shareholders

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the board may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

Section 14.11 Removal of Director by Directors

The board may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a

company in accordance with the BCA and does not promptly resign, and the board may appoint a director to fill the resulting vacancy.

ARTICLE 15 ALTERNATE DIRECTORS

Section 15.1 Application

The provisions of this Article 15 do not apply to the Company and its directors if and for so long as it is a public company.

Section 15.2 Appointment of Alternate Director

Any director (an "**appointor**") may by notice in writing received by the Company appoint any person (an "**appointee**") who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the board or committees of the board at which the appointor is not present unless (in the case of an appointee who is not a director) the board has reasonably disapproved the appointment of such person as an alternate director and has given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

Section 15.3 Notice of Meetings

Every alternate director so appointed is entitled to notice of meetings of the board and of committees of the board of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

Section 15.4 Alternate for More Than One Director Attending Meetings

A person may be appointed as an alternate director by more than one director, and an alternate director:

- (1) will be counted in determining the quorum for a meeting of the board once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;
- (2) has a separate vote at a meeting of the board for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;
- (3) will be counted in determining the quorum for a meeting of a committee of the board once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity; and
- (4) has a separate vote at a meeting of a committee of the board for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

Section 15.5 Consent Resolutions

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

Section 15.6 Alternate Director Not an Agent

Every alternate director is deemed not to be the agent of his or her appointor.

Section 15.7 Revocation of Appointment of Alternate Director

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

Section 15.8 Ceasing to be an Alternate Director

The appointment of an alternate director ceases when:

- (1) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;
- (2) the alternate director dies;
- (3) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;
- (4) the alternate director ceases to be qualified to act as a director; or
- (5) his or her appointor revokes the appointment of the alternate director.

Section 15.9 Remuneration and Expenses of Alternate Director

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

ARTICLE 16 POWERS AND DUTIES OF THE BOARD

Section 16.1 Powers of Management

The board must, subject to the BCA and these Articles, manage or supervise the management of the business and affairs of the Company and has the authority to exercise all such powers of the Company as are not, by the BCA or by these Articles, required to be exercised by the shareholders of the Company.

Section 16.2 Appointment of Attorney of Company

The board may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the board, to appoint or remove officers appointed by the board and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the board may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the board thinks fit. Any such attorney may be authorized by the board to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

ARTICLE 17 INTERESTS OF DIRECTORS AND OFFICERS

Section 17.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the BCA) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the BCA.

Section 17.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

Section 17.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of the board at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

Section 17.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the BCA.

Section 17.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the board may determine.

Section 17.6 No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

Section 17.7 Professional Services by Director or Officer

Subject to the BCA, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

Section 17.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the BCA, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

ARTICLE 18 PROCEEDINGS OF THE BOARD

Section 18.1 Meetings of the Board

The board may meet for the conduct of business, adjourn and otherwise regulate its meetings as the board thinks fit, and meetings of the board held at regular intervals may be held at the place, at the time and on the notice, if any, as the board may from time to time determine.

Section 18.2 Voting at Meetings

Questions arising at any meeting of the board are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

Section 18.3 Chair of Meetings

The following individual is entitled to preside as chair at a meeting of the board:

- (1) the chair of the board, if any;
- (2) in the absence of the chair of the board, the president, if any, if the president is a director; or
- (3) any other director chosen by the directors present if:
 - (a) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;
 - (b) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or
 - (c) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

Section 18.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the board or of any committee of the board:

- (1) in person; or
- (2) by telephone or by other communications medium;

if all directors attending the meeting are able to participate in it, whether in person, by telephone or other communications medium. A director who participates in a meeting in a manner contemplated by this Section 18.4 is deemed for all purposes of the BCA and these Articles to be present at the meeting.

Section 18.5 Calling of Meetings

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the board at any time.

Section 18.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the board pursuant to Section 18.1 or as provided in Section 18.7, reasonable notice of each meeting of the board, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Section 24.1 or orally or by telephone conversation with that director.

Section 18.7 When Notice Not Required

It is not necessary to give notice of a meeting of the board to a director or an alternate director if:

- (1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the board at which that director is appointed; or
- (2) the director or alternate director, as the case may be, has waived notice of the meeting.

Section 18.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of the board to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

Section 18.9 Waiver of Notice of Meetings

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the board and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the board need be given to that director or, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the board so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director.

Attendance of a director or alternate director at a meeting of the board is a waiver of notice of the meeting, unless that director or alternate director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

Section 18.10 Quorum

The quorum necessary for the transaction of the business at a meeting of the board may be set by the board and, if not so set, is deemed to be set at a majority of the number of directors then in office. If the number of directors is set at one, the quorum is deemed to be set at one director, and that director may constitute a meeting.

Section 18.11 Validity of Acts Where Appointment Defective

Subject to the BCA, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

Section 18.12 Consent Resolutions in Writing

A resolution of the board or of any committee of the board may be passed without a meeting:

- (1) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (2) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who have not made such a disclosure consents in writing to the resolution.

A consent in writing under this Section 18.12 may be by any written instrument, fax, e-mail or any other method of transmitting legibly recorded messages in which the consent of the director is evidenced, whether or not the signature of the director is included in the record. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the board or of any committee of the board passed in accordance with this Section 18.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of the board or of the committee of the board and to be as valid and effective as if it had been passed at a meeting of the board or of the committee of the board that satisfies all the requirements of the BCA and all the requirements of these Articles relating to meetings of the board or of a committee of the board.

**ARTICLE 19
EXECUTIVE AND OTHER COMMITTEES**

Section 19.1 Appointment and Powers of Executive Committee

The board may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and during the intervals between meetings of the board all of the board's powers are delegated to the executive committee, except:

- (1) the power to fill vacancies in the board of directors;
- (2) the power to remove a director;
- (3) the power to change the membership of, or fill vacancies in, any committee of the board; and
- (4) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

Section 19.2 Appointment and Powers of Other Committees

The board may, by resolution:

- (1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (2) delegate to a committee appointed under paragraph (1) any of the board's powers, except:
 - (a) the power to fill vacancies in the board of directors;
 - (b) the power to remove a director;
 - (c) the power to change the membership of, or fill vacancies in, any committee of the board; and
 - (d) the power to appoint or remove officers appointed by the board; and
- (3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

Section 19.3 Obligations of Committees

Any committee appointed under Section 19.1 or Section 19.2, in the exercise of the powers delegated to it, must:

- (1) conform to any rules that may from time to time be imposed on it by the board; and
- (2) report every act or thing done in exercise of those powers at such times as the board may require.

Section 19.4 Powers of Board

The board may, at any time, with respect to a committee appointed under Section 19.1 or Section 19.2:

- (1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (2) terminate the appointment of, or change the membership of, the committee; and

- (3) fill vacancies in the committee.

Section 19.5 Committee Meetings

Subject to Section 19.3(1) and unless the board otherwise provides in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Section 19.1 or Section 19.2:

- (1) the committee may meet and adjourn as it thinks proper;
- (2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (3) a majority of the members of the committee constitutes a quorum of the committee; and
- (4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

ARTICLE 20 OFFICERS

Section 20.1 Board May Appoint Officers

The board may, from time to time, appoint such officers, if any, as the board determines and the board may, at any time, terminate any such appointment.

Section 20.2 Functions, Duties and Powers of Officers

The board may, for each officer:

- (1) determine the functions and duties of the officer;
- (2) delegate to the officer any of the powers exercisable by the board on such terms and conditions and with such restrictions as the board thinks fit; and
- (3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

Section 20.3 Qualifications

No officer may be appointed unless that officer is qualified in accordance with the BCA. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board must be a director. Any other officer need not be a director.

Section 20.4 Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the board thinks fit and are subject to termination at the pleasure of the board, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

ARTICLE 21 INDEMNIFICATION

Section 21.1 Definitions

In this Article 21:

- (1) **"eligible penalty"** means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (2) **"eligible proceeding"** means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director, alternate director, officer or former officer of the Company (each, an **"eligible party"**) or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director or officer of the Company:
 - (a) is or may be joined as a party; or
 - (b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- (3) **"expenses"** has the meaning set out in the BCA; and
- (4) **"officer"** means a person appointed by the board as an officer of the Company.

Section 21.2 Mandatory Indemnification of Eligible Parties

Subject to the BCA, the Company must indemnify an eligible party and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director, alternate director and officer is deemed to have contracted with the Company on the terms of the indemnity contained in this Section 21.2.

Section 21.3 Permitted Indemnification

Notwithstanding Section 21.2 and subject to any restrictions in the BCA, the Company may indemnify any person including directors, officers, employees, agents and representatives of the Company.

Section 21.4 Non-Compliance with BCA

The failure of a director, alternate director or officer of the Company to comply with the BCA or these Articles or, if applicable, any former Articles, does not invalidate any indemnity to which he or she is entitled under this Article 21.

Section 21.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- (1) is or was a director, alternate director, officer, employee or agent of the Company;
- (2) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (3) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;

- (4) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

ARTICLE 22 DIVIDENDS

Section 22.1 Payment of Dividends Subject to Special Rights

The provisions of this Article 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

Section 22.2 Declaration of Dividends

Subject to the BCA, the board may from time to time declare and authorize payment of such dividends as it may consider appropriate.

Section 22.3 No Notice Required

The board need not give notice to any shareholder of any declaration under Section 22.2.

Section 22.4 Record Date

The board may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the board passes the resolution declaring the dividend.

Section 22.5 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly in money or by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company or any other corporation, or in any one or more of those ways.

Section 22.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Section 22.5, the board may settle the difficulty as it deems advisable, and, in particular, may:

- (1) set the value for distribution of specific assets;
- (2) determine that money in substitution for all or any part of the specific assets to which any shareholders are entitled may be paid to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (3) vest any such specific assets in trustees for the persons entitled to the dividend.

Section 22.7 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the board.

Section 22.8 Dividends to be Paid in Accordance with Number of Shares

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

Section 22.9 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

Section 22.10 Dividend Bears No Interest

No dividend bears interest against the Company.

Section 22.11 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

Section 22.12 Payment of Dividends

Any dividend or other distribution payable in respect of shares will be paid by cheque or by electronic means or by such other method as the directors may determine. The payment will be made to or to the order of each registered holder of shares in respect of which the payment is to be made. Cheques will be sent to the registered address of the shareholder, unless the shareholder otherwise directs. In the case of joint holders, the payment will be made to the order of all such joint holders and, if applicable, sent to them at the registered address of the joint shareholder who is first named on the central securities register, unless such joint holders otherwise direct. The sending of the cheque or the sending of the payment by electronic means or the sending of the payment by a method determined by the directors in an amount equal to the dividend or other distribution to be paid less any tax that the Company is required to withhold will satisfy and discharge the liability for the payment, unless payment is not made upon presentation, if applicable, or the amount of tax so deducted is not paid to the appropriate taxing authority.

Section 22.13 Capitalization of Retained Earnings or Surplus

Notwithstanding anything contained in these Articles, the board may from time to time capitalize any retained earnings or surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the retained earnings or surplus so capitalized or any part thereof.

Section 22.14 Unclaimed Dividends

Any dividend unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Company. The Company shall not be liable to any person in respect of any dividend which is forfeited to the Company or delivered to any public official pursuant to any applicable abandoned property, escheat or similar law.

ARTICLE 23 ACCOUNTING RECORDS AND AUDITOR

Section 23.1 Recording of Financial Affairs

The board must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the BCA.

Section 23.2 Inspection of Accounting Records

Unless the board determines otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

Section 23.3 Remuneration of Auditor

The board may set the remuneration of the auditor of the Company.

ARTICLE 24 NOTICES

Section 24.1 Method of Giving Notice

Unless the BCA or these Articles provide otherwise, a notice, statement, report or other record required or permitted by the BCA or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (1) mail addressed to the person at the applicable address for that person as follows:
 - (a) for a record mailed to a shareholder, the shareholder's registered address;
 - (b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
 - (c) in any other case, the mailing address of the intended recipient;
- (2) delivery at the applicable address for that person as follows, addressed to the person:
 - (a) for a record delivered to a shareholder, the shareholder's registered address;
 - (b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
 - (c) in any other case, the delivery address of the intended recipient;
- (3) unless the intended recipient is the auditor of the Company, sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (4) unless the intended recipient is the auditor of the Company, sending the record by e-mail to the e-mail address provided by the intended recipient for the sending of that record or records of that class;
- (5) physical delivery to the intended recipient;
- (6) creating and providing a record posted on or made available through a general accessible electronic source and providing written notice by any of the foregoing methods as to the availability of such record; or
- (7) as otherwise permitted by applicable securities legislation.

Section 24.2 Deemed Receipt

A notice, statement, report or other record that is:

- (1) mailed to a person by ordinary mail to the applicable address for that person referred to in Section 24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing;

- (2) faxed to a person to the fax number provided by that person referred to in Section 24.1 is deemed to be received by the person to whom it was faxed on the day it was faxed;
- (3) e-mailed to a person to the e-mail address provided by that person referred to in Section 24.1 is deemed to be received by the person to whom it was e-mailed on the day it was e-mailed; and
- (4) delivered in accordance with Section 24.1(6), is deemed to be received by the person on the day such written notice is sent.

Section 24.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that capacity on behalf of the Company stating that a notice, statement, report or other record was sent in accordance with Section 24.1 is conclusive evidence of that fact.

Section 24.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing such record to the joint shareholder first named in the central securities register in respect of the share.

Section 24.5 Notice to Legal Personal Representatives and Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (1) mailing the record, addressed to them:
 - (a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
 - (b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (2) if an address referred to in paragraph 24.5(1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

Section 24.6 Undelivered Notices

If, on two consecutive occasions, a notice, statement, report or other record is sent to a shareholder pursuant to Section 24.1 and on each of those occasions any such record is returned because the shareholder cannot be located, the Company shall not be required to send any further records to the shareholder until the shareholder informs the Company in writing of his or her new address.

ARTICLE 25 SEAL

Section 25.1 Who May Attest Seal

Except as provided in Section 25.2 and Section 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (1) any two directors;
- (2) any officer, together with any director;

- (3) if the Company only has one director, that director; or
- (4) any one or more directors or officers or persons as may be determined by the board.

Section 25.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Section 25.1, the impression of the seal may be attested by the signature of any director or officer or the signature of any other person as may be determined by the board.

Section 25.3 Mechanical Reproduction of Seal

The board may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as the board may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the BCA or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and such persons as are authorized under Section 25.1 to attest the Company's seal may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

ARTICLE 26 PROHIBITIONS

Section 26.1 Definitions

In this Article 26:

- (1) "**security**" has the meaning assigned in the *Securities Act*;
- (2) "**transfer restricted security**" means
 - (a) a share of the Company;
 - (b) a security of the Company convertible into shares of the Company; or
 - (c) any other security of the Company which must be subject to restrictions on transfer in order for the Company to satisfy the requirement for restrictions on transfer under the "private issuer" exemption of Canadian securities legislation or under any other exemption from prospectus or registration requirements of Canadian securities legislation similar in scope and purpose to the "private issuer" exemption.

Section 26.2 Application

Section 26.3 does not apply to the Company if and for so long as it is a public company.

Section 26.3 Consent Required for Transfer of Shares or Transfer Restricted Securities

No share or other transfer restricted security may be sold, transferred or otherwise disposed of without the consent of the board and the board is not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

SCHEDULE "B"
DURANGO RESOURCES INC.
NEW OPTION PLAN

See attached.

DURANGO RESOURCES INC.
(the "Company")

STOCK OPTION PLAN

July 15, 2022

1. PURPOSE

The purpose of this Stock Option Plan (the "**Option Plan**") is to provide the Company and its Subsidiaries (as defined herein) with the means to encourage, attract, retain and motivate certain Eligible Participants (as defined herein) through equity participation by granting such Eligible Participants stock options to purchase Common Shares (as defined herein), thus giving them an on-going proprietary interest in the Company. It is the intention of the Company that this Option Plan will at all times be in compliance with TSXV Policies (as defined below) and any inconsistencies between this Option Plan and TSXV Policies will be resolved in favour of the latter.

2. DEFINITIONS

Unless otherwise defined herein, the following terms have the following meanings:

- (a) "**Affiliate**" means a person that is affiliated within the meaning of Section 1(2) of the *Securities Act* (British Columbia), as amended, and includes those issuers that are similarly related, whether or not any of the issuers are corporations, companies, partnerships, limited partnerships, trusts, income trusts or investment trusts or any other organized entity issuing securities.
- (b) "**Black-out Period**" means an interval of time during which the Company has determined that one or more Eligible Participants may not trade any securities of the Company because they may be in possession of undisclosed material information pertaining to the Company, or when in anticipation of the release of quarterly or annual financials, to avoid potential conflicts associated with the Company's insider-trading policy or applicable securities legislation, (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Company or in respect of an Insider, that Insider, is subject).
- (c) "**Board**" means the board of directors of the Company, and, where applicable, includes a committee of the Board authorized to administer this Option Plan pursuant to Section 3(a).
- (d) "**Cashless Exercise**" has the meaning given to such in term in TSXV Policy 4.4.
- (e) "**Committee**" has the meaning attributed thereto in Section 3(a).
- (f) "**Common Share**" means common shares of the Company.
- (g) "**Consultant**" has the meaning given to such term in TSXV Policy 4.4.
- (h) "**Director**" has the meaning given to such term in TSXV Policy 4.4.

- (i) "**Discounted Market Price**" means the Market Price less the maximum discount permitted under the TSXV Policies applicable to Options.
- (j) "**Disinterested Shareholder Approval**" has the meaning given to "disinterested Shareholder approval" in section 5.3 of TSXV Policy 4.4.
- (k) "**Eligible Participant**" means a Director, Officer, Employee, Management Company Employee or Consultant of the Company or its Subsidiaries and, as context requires.
- (l) "**Employee**" has the meaning given to such term in TSXV Policy 4.4.
- (m) "**Exchange Hold Period**" has the meaning given to such term in TSXV Policy 1.1.
- (n) "**Insider**" has the meaning given to such term in TSXV Policy 1.1.
- (o) "**Investor Relations Activities**" has the meaning given such term in TSXV Policy 1.1 and for purpose of this Option Plan, Persons retained to perform Investor Relations Activities shall include any Consultant that performs Investor Relations Activities and any Employee, Management Company Employee, Officer or Director whose role and duties primarily consist of Investor Relations Activities.
- (p) "**Issued Common Shares**" means that number of Common Shares issued and outstanding, on a non-diluted basis, at any point in time as confirmed by the transfer agent and registrar for the Common Shares.
- (q) "**Management Company Employee**" has the meaning given to such term in TSXV Policy 4.4.
- (r) "**Market Price**" has the meaning given to such term in TSXV Policy 1.1.
- (s) "**Officer**" has the meaning given such term in TSXV Policy 4.4.
- (t) "**Option**" means an option to purchase Common Shares granted pursuant to, or governed by, this Option Plan.
- (u) "**Person**" means a company or an individual.
- (v) "**Rolling 10% Plans**" has the meaning attributed thereto in Section 4(a)(ii).
- (w) "**Security Based Compensation**" has the meaning given to such term in TSXV Policy 4.4.
- (x) "**Security Based Compensation Plan**" has the meaning given to such term in TSXV Policy 4.4, which when used to refer to such plans of the Company, includes this Option Plan.
- (y) "**Subsidiary**" has the meaning given to such term in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**"), and any instrument in amendment thereto or replacement thereof.
- (z) "**TSXV**" means the TSX Venture Exchange.

- (aa) "**TSXV Policies**" means the policies included in the TSX Venture Exchange Corporate Finance Manual and "**TSXV Policy**" means any one of them, as such policies may be amended, supplemented or replaced from time to time.
- (bb) "**TSXV Policy 1.1**" means Policy 1.1 – *Interpretation* of the TSXV Policies, as may be amended, supplemented or replaced from time to time.
- (cc) "**TSXV Policy 4.4**" means Policy 4.4 – *Security Based Compensation* of the TSXV Policies, as may be amended, supplemented or replaced from time to time.

3. ADMINISTRATION

- (a) This Option Plan shall be administered by the Board, or any committee of the Board (each, a "**Committee**") appointed by the Board to administer this Option Plan. Without limiting the generality of the foregoing, where a Committee has been appointed by the Board to administer this Option Plan pursuant to a resolution passed by the Board, such Committee has authority to:
 - (i) grant to Eligible Participants or a company that is wholly owned by an individual Eligible Participant up to the number of Options specified by the Board in the resolution appointing the Committee or in any other subsequent resolution(s) of the Board, the whole on the terms set out in such resolution(s);
 - (ii) exercise rights reserved to the Company under this Option Plan;
 - (iii) determine vesting terms and conditions for Options granted under this Option Plan in accordance with the terms and conditions of this Option Plan; and
 - (iv) make all other determinations and take all other actions as it considers necessary or advisable for implementation and administration of this Option Plan.
- (b) The interpretation, construction and application of this Option Plan shall be made by the Board or a Committee and shall be final and binding on all holders of Options granted under this Option Plan and all Persons eligible to participate under the provisions of this Option Plan.
- (c) No member of the Board or Committee shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of this Option Plan or any Options granted under it.

4. COMMON SHARES SUBJECT TO THIS OPTION PLAN

- (a) Subject to Section 4(b):
 - (i) the maximum number of Common Shares which may be issued under Options granted under this Option Plan, from time to time, shall be equal to a maximum of 10% of the total number of Issued Common Shares calculated on the date the Option is granted or issued to such person; and
 - (ii) if the Company has any other Security Based Compensation Plan(s) that fall within the "rolling up to 10%" category under Section 3.1(a) of TSXV Policy 4.4 (collectively, the "**Rolling 10% Plans**"), the number of Common Shares that are issuable pursuant to the Option Plan and such other Rolling 10% Plans in aggregate shall be equal to up to a maximum of 10% of the total number of Issued Common Shares on the date the Option is granted or issued or the issuance date of any Security Based Compensation under any of such Rolling 10% Plans.
- (b) The following limitations apply to grants of Options under this Option Plan:
 - (i) unless the Company has obtained the requisite Disinterested Shareholder Approval;
 - (A) the maximum aggregate number of Common Shares that are issuable under all Security Based Compensation Plans of the Company granted or issued in any 12-month period to any one person (and companies owned or controlled by that Person) must not exceed 5% of the total number of Issued Common Shares, calculated as at the date any Security Based Compensation is granted or issued to such person;
 - (B) the maximum aggregate number of Common Shares which may be issued under all Security Based Compensation Plans of the Company granted or issued to Insiders as a group must not exceed 10% of the Issued Common Shares at any point in time; and
 - (C) the maximum aggregate number of Common Shares that are issuable under all Security Based Compensation Plans of the Company granted or issued in any 12-month period to Insiders as a group must not exceed 10% of the Issued Common Shares, calculated on the date any Securities Based Compensation is granted to an Insider; and
 - (ii) the maximum aggregate number of Common Shares that are issuable under all Security Based Compensation Plans of the Company granted or issued in a 12-month period to any one Consultant must not exceed 2% of the Issued Common Shares, calculated at the date any Securities Based Compensation is granted to the Consultant; and
 - (iii) the maximum aggregate number of Common Shares that are issuable under all Security Based Compensation Plans of the Company granted or issued in a 12-month period to all Persons retained to provide Investor Relations Activities must

not exceed 2% of the Issued Common Shares, calculated at the date any Securities Based Compensation is granted to any such Person.

- (c) Common Shares in respect of which an Option is granted under this Option Plan but not exercised prior to the termination of such Option, due to the cancelation, expiration, termination or lapse of such Option or otherwise, shall be available for new grants of Options to be granted thereafter pursuant to the provisions of this Option Plan. All Common Shares issued pursuant to the exercise of the Options granted under this Option Plan shall be so issued as fully paid and non-assessable Common Shares.
- (d) This Option Plan is an "evergreen" plan and, accordingly, any exercise of Options will, subject to the overall limit provided for at Section 4(a) above, make new grants available hereunder effectively resulting in a reloading of the number of Options available to grant hereunder.
- (e) The Board (which for these purposes does not include a reference to a Committee) shall allot, set aside and reserve for issuance for the purpose of this Option Plan a sufficient number of Common Shares at each meeting of the Board such that the number of Common Shares issuable under Section 4 shall be properly allotted, set aside and reserved for issuance.

5. ELIGIBILITY AND GRANT OF OPTIONS

- (a) Options shall be granted only to Eligible Participants or a company that is wholly owned by an individual Eligible Participant and provided that in each case, the Eligible Participant is an Eligible Participant at the time of the grant.
- (b) Subject to the foregoing, the Board shall have full and final authority to determine the Eligible Participants who are to be allocated and granted Options under this Option Plan and the number of Common Shares subject to each Option grant. Subject to Section 14, Options granted under this Option Plan shall be for the purchase of Common Shares only, and for no other security.
- (c) Unless limited by the terms of this Option Plan or any regulatory or stock exchange requirement, the Board shall have full and final authority to determine the terms and conditions attached to any grant of Options under this Option Plan.
- (d) The Company may only grant Options pursuant to resolutions of the Board.
- (e) The Company may not grant any Options while there is an undisclosed material change or undisclosed material fact relating to the Company.
- (f) Any Option granted under this Option Plan shall be subject to the requirement that, if at any time the Company determines that the listing, registration or qualification of the Common Shares subject to such Option, or such Option itself, upon any stock exchange or under any law or regulation of any jurisdiction, or the consent or approval of any stock exchange or any governmental or regulatory body, is necessary as a condition of, or in connection with, the grant or exercise of such Option or the issuance or purchase of Common Shares thereunder, such Option may not be granted, accepted or exercised in

whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Board (which for these purposes does not include a reference to a Committee).

- (g) The Company and the Eligible Participant are responsible for ensuring and confirming that the Eligible Participant is a *bona fide* Eligible Participant.
- (h) The Board shall complete and file, in accordance with applicable law, or shall cause to be completed and filed, all notices, reports, filings or other documentation required by applicable law, regulatory requirement or stock exchange rule, in connection with a grant of Options or an issuance or purchase of Common Shares thereunder.

6. PRICE

- (a) The Option exercise price per Common Share that is subject of any Option shall be fixed by the Board when such Option is granted.
- (b) The Option exercise price per Common Share shall not be less than the Discounted Market Price. If the Company does not issue a news release to fix the exercise price pursuant to TSXV Policy 4.4, the Discounted Market Price is the last closing price before the date of the grant less the applicable discount.
- (c) Where an Option is granted to Insiders, the exercise price of an Option is at a discount to Market Price or where otherwise required under the TSXV Policies, all Options and any Common Shares issued under such Options exercised prior to the expiry of the Exchange Hold Period shall be legended with the Exchange Hold Period commencing on the date the Options were granted.
- (d) The Board shall not set the exercise price of any Option on the basis of a Market Price which does not reflect material information of which the Directors and Officers of the Company are aware but which has not been generally disclosed to the public.
- (e) The Option price per share will be expressed in Canadian dollars.

7. PERIOD OF OPTION AND RIGHTS TO EXERCISE

- (a) Subject to the provisions of Sections 7, 12 and 13, Options will be exercisable in whole or in part, and from time to time, at any time following the date of grant and prior to the expiry of their term, but provided that if an Option expires during a Black-out Period (including expiry of an Option under Sections 12(a) and 12(b) below but not including expiry of an Option if the Eligible Participant shall cease to be an Eligible Participant for cause), then the Option shall remain exercisable until the period ending up to 10 trading days after the end of such Black-out Period, notwithstanding the expiry of its term.
- (b) Options shall not be granted for a term exceeding ten years (but subject to extension in the case of Black-out Period as described in Section 7(a)).
- (c) Subject to the Board's sole discretion in modifying the vesting of Options, from time to time, Options granted shall vest, and become exercisable, upon and subject to such terms,

conditions and limitations as contained herein and otherwise as the Board may from time to time determine with respect to each Option, except that Options issued to Persons retained to provide Investor Relations Activities must vest in stages over a period of not less than twelve months and no more than 25% of such Options can vest in any three month period; provided that the vesting of such Options issued to Persons retained to provide Investor Relations Activities may not be accelerated by the Board without prior approval of the TSXV.

- (d) Subject to Section 11(b), the Common Shares to be purchased upon each exercise of an Option shall be paid for in full in cash by the Eligible Participant at the time of exercise.
- (e) Except as provided in Sections 12 and 13, no Option which is held by an Eligible Participant or a company that is wholly owned by an individual Eligible Participant may be exercised unless the Eligible Participant is then an Eligible Participant, and in the case of an Employee, the Employee has been continually employed by the Company since the date of the grant of the Option, but provided that an authorized absence of leave shall not be considered an interruption of employment for purposes of this Option Plan.

8. EVIDENCE OF OPTIONS

Following the grant of an Option in accordance with this Option Plan, the Company shall forward to such Eligible Participant, a Notice of Grant (the "**Notice**") substantially in the form set out as Schedule "A" attached hereto, which Notice shall evidence the grant of the Option under this Option Plan. The Company shall also forward to the Eligible Participant, in addition to the Notice, a copy of this Option Plan (on the first grant of an Option) and any other documentation that may be required by applicable law, stock exchange or regulatory requirements.

9. NON-TRANSFERABILITY OF OPTION

Subject to applicable law, no Option granted under this Option Plan shall be assignable or transferable otherwise than:

- (a) by will or by the laws of descent and distribution, and such Option shall be exercisable, during an Eligible Participant's lifetime, only by the Eligible Participant (subject to Section 12(a)); or
- (b) a company that is wholly owned by an individual Eligible Participant provided that such company has complied with the requirements of section 2(c) of TSXV Policy 4.4.

10. NO ASSURANCE OF FUTURE OPTIONS

For greater certainty and without limiting the discretion conferred on the Board, the Board's decision to approve the grant of an Option in any year or at any time shall not require the Board to approve the grant of an Option to any Eligible Participant in any other year or at any other time; nor shall the Board's decision with respect to the size or terms and conditions of an Option grant in any year or at any time require it to approve the grant of an Option of the same size or with the same exercise price, vesting or other terms and conditions to any Eligible Participant in any other year or at any other time. No Eligible Participant has any claim or right, legal or equitable, to receive an Option grant from the Company.

11. EXERCISE OF OPTION

- (a) Subject to Section 11(b), an Option may be exercised from time to time by delivering to the Company at its head or registered office, a written notice of exercise substantially in the form set out as Appendix I to the Notice, specifying the number of Common Shares with respect to which the Option is being exercised and accompanied by payment for the full amount of the purchase price of the Common Shares then being purchased.
- (b) The holder an Option may exercise such Option on a Cashless Exercise basis in accordance with TSXV Policy 4.4, provided that the Company has entered into an agreement with a brokerage firm to facilitate such Cashless Exercise.
- (c) Upon receipt of a certificate of an authorized Officer directing the issue of Common Shares purchased under this Option Plan, the transfer agent of the Company is authorized and directed to issue and countersign share certificates for the purchased Common Shares in the name of the Eligible Participant or the Eligible Participant's legal personal representative or as may otherwise be directed in writing by the Eligible Participant, including into a book-entry system, if requested.
- (d) Notwithstanding Section 5(f), the Company shall not, upon the exercise of any Option, be required to register, issue or deliver any Common Shares prior to: (a) the listing of such Common Shares on any stock exchange on which the Common Shares may then be listed; and (b) the completion of such registration or other qualification of such Common Shares under any law, rules or regulation as the Company shall determine to be necessary or advisable (including, without limitation, NI 45-106). If any Common Shares cannot be registered, issued or delivered to any Eligible Participant for whatever reason, the obligation of the Company to issue such Common Shares shall terminate and any Option exercise price paid to the Company shall be returned to the Eligible Participant without deduction or interest.
- (e) If the Company or a Subsidiary or Affiliate is required under the *Income Tax Act* (Canada) or any other applicable law to make source deductions in respect of any Option benefits and to remit to the applicable governmental authority an amount on account of tax on the value of the taxable benefit associated with the issuance of Common Shares on exercise of Options, then the Eligible Participant shall:
 - (i) pay to the Company or the Subsidiary or Affiliate, in addition to the exercise price for the Options, sufficient cash as is reasonably determined by the Company to be the amount necessary to permit the required tax remittance;
 - (ii) permit the Company or the Subsidiary or Affiliate to sell or cause to be sold by a broker or agent engaged by the Company, on behalf of the Eligible Participant, such number of Common Shares issuable to the Eligible Participant on the exercise of such Options as is sufficient to fund the Company's or the Subsidiary or Affiliate's obligations to make source deductions; or
 - (iii) make other arrangements acceptable to the Company to fund the required tax remittance.

- (f) The sale of Common Shares by the Company, or by a broker or agent engaged by the Company or a Subsidiary or Affiliate in accordance with Section 11(e)(ii), will be made on the exchange on which the Common Shares are then listed for trading. The Eligible Participant consents to such sale and grants to the Company an irrevocable power of attorney to effect the sale of such Common Shares on his or her behalf and acknowledges and agrees that:
 - (i) the number of Common Shares sold shall, at a minimum, be sufficient to fund the Company or the Subsidiary or Affiliate's obligations to make source deductions, net of any selling costs, which costs are the responsibility of the Eligible Participant and which the Eligible Participant hereby authorizes to be deducted from the proceeds of such sale;
 - (ii) in effecting the sale of any such Common Shares, the Company or the Subsidiary or Affiliate or the broker or agent will exercise its sole judgement as to the timing and the manner of sale and will not be obligated to seek or obtain any minimum price;
 - (iii) neither the Company nor the Subsidiary or Affiliate, nor the broker or agent will be liable for any loss arising out of any sale of such Common Shares, including any loss relating to the pricing, manner of timing of such sales or any delay in transferring any Common Shares to an Eligible Participant or otherwise; and
 - (iv) the sale price of Common Shares will fluctuate with the market price of the Common Shares and no assurance can be given that any particular price will be received upon any sale.
- (g) It is the responsibility of the Eligible Participant to ensure that they adhere to tax legislation in their jurisdiction regarding the reporting of benefits derived from the exercise of Options.
- (h) In the event any taxation authority should reassess the Company or a Subsidiary or Affiliate for failure to have withheld income tax, or other similar payments from the Eligible Participant, pursuant to the provisions herein, the Eligible Participant shall reimburse and save harmless the Company, the Subsidiary or Affiliate for the entire amount assessed, including penalties, interest and other charges.

12. CESSATION OF PROVISION OF SERVICES

- (a) **Death of an Eligible Participant.** In the event of the death of an Eligible Participant during the term of the Eligible Participant's Option, the Option theretofore granted to the Eligible Participant shall be exercisable within, but only within, the period of one year following the Eligible Participant's death, and in no event after the expiry date of the Option.

- (b) **Termination of Employment or Office.** Subject to the discretion of the Board to determine otherwise (which for these purposes does not include a reference to a Committee) or as otherwise agreed in any contract with any Eligible Participant which has been approved by the Board, and this Section 12, if any Eligible Participant shall cease to be an Eligible Participant of, or to, the Company or its Subsidiary, for any reason, other than for cause or death, he or she may exercise any Option issued under this Option Plan that is then exercisable, but only within the period that is 90 days from the date that he or she ceases to be an Eligible Participant; provided that, in any case where the Board determines otherwise or as otherwise agreed in any contract with any Eligible Participant which has been approved by the Board, the exercise period of an Option held by a Person who ceases to be an Eligible Participant shall not be longer than 12 months following the date such Person ceased to be an Eligible Participant. In the event that an Eligible Participant ceases to be an Eligible Participant because of termination for cause or material violation of any agreement, the Options of the Eligible Participant not exercised at such time shall immediately be cancelled on the date of such termination and be of no further force or effect whatsoever notwithstanding anything to the contrary in this Option Plan. For the avoidance of doubt, if an Eligible Participant's position with the Company or any Subsidiary changes from one of the said categories to another category or between the Company and any Subsidiary, such change shall not constitute termination, resignation or retirement for the purpose of this Option Plan.
- (c) **Other.** If any Eligible Participant shall cease to be an Eligible Participant for any reason other than provided for in this Section 12, the Options of the Eligible Participant not exercised at such time shall immediately be cancelled and be of no further force or effect whatsoever, unless otherwise determined by the Board.

13. EXTENSION OF OPTION

Any extensions of Options granted under this Option Plan are subject to any applicable regulatory or stock exchange approvals required at such time.

14. ADJUSTMENTS IN SHARES SUBJECT TO THE OPTION PLAN

For the purposes of this Section 14, any reference to the Board does not include a reference to a Committee.

- (a) **Adjustment.** Subject to this Section 14, the aggregate number and kind of shares or other securities available or issuable under this Option Plan shall be appropriately and equitably adjusted in the event of an arrangement, reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares or other securities of the Company.
- (b) **Effect of Take-Over Bid.** If a *bona fide* offer (the "**Offer**") for Common Shares is made to an Eligible Participant or to shareholders generally or to a class of shareholders which includes an Eligible Participant, which Offer, if accepted in whole or in part, would result in the offeror exercising control over the Company within the meaning of the *Securities Act* (British Columbia), then the Company shall, if instructed by the Board in its sole discretion, notify each Eligible Participant of the full particulars of the Offer. The Board will have the sole discretion to amend, abridge or otherwise eliminate any vesting terms,

conditions or schedule so that despite the other terms of this Option Plan (except, without the prior approval of the TSXV, the vesting terms of Options granted to Persons retained to perform Investor Relation Activities), any Options granted under this Option Plan may be exercised in whole or in part by Eligible Participants so as to permit Eligible Participants to tender the Common Shares received upon the exercise of Options (the "**Optioned Shares**") pursuant to the Offer. If:

- (i) the Offer is not complied with within the time specified therein;
- (ii) the Eligible Participant does not tender the Optioned Shares pursuant to the Offer; or
- (iii) all of the Optioned Shares tendered by the Eligible Participant pursuant to the Offer are not taken up and paid for by the offeror in respect thereof,

then, at the discretion of the Board, the Optioned Shares or, in the case of Section 14(b)(ii), the Optioned Shares that are not taken up and paid for, shall be returned by the Eligible Participant and reinstated as authorized but unissued Common Shares and the terms of the Option as set forth in this Option Plan and the Notice shall again apply to the Option. If any Optioned Shares are returned to the Company under this Section 14, the Company shall refund the exercise price to the Eligible Participant for such Optioned Shares.

- (c) **Effect of Reorganization, Amalgamation, Merger, etc.** If there is a consolidation, reorganization, merger, amalgamation or statutory amalgamation or arrangement of the Company with or into another corporation, a separation of the business of the Company into two or more entities or a transfer of all or substantially all of the assets of the Company to another entity, at the discretion of the Board, upon the exercise of an Option under this Option Plan, the holder thereof shall be entitled to receive any securities, property or cash which the Eligible Participant would have received upon such consolidation, reorganization, merger, amalgamation, statutory amalgamation or arrangement, separation or transfer if the Eligible Participant had exercised his Option immediately prior to the applicable record date or event, as applicable, and the exercise price shall be adjusted as applicable by the Board, unless the Board otherwise determines the basis upon which such Option shall be exercisable, and any such adjustments shall be binding for all purposes of this Option Plan. Notwithstanding any other term of this Option Plan, the Board has the sole discretion to amend, abridge or eliminate any vesting terms (except, without the prior approval of the TSXV, the vesting terms of Options granted to Persons retained to perform Investor Relation Activities), conditions or schedule or to otherwise amend the conditions of exercise so that any such Option may be exercised in whole or in part, conditionally or otherwise, by the Eligible Participant so as to entitle the Eligible Participant to receive any securities, property or cash which the Eligible Participant would have received upon such consolidation, reorganization, merger, amalgamation, statutory amalgamation or arrangement, separation or transfer if the Eligible Participant had exercised his, her or its Option immediately prior to the applicable record date or event and, if determined appropriate by the Board, any such Option not exercised or surrendered at the effective time or record date (as applicable) of such consolidation, reorganization, merger, amalgamation, statutory amalgamation or

arrangement, separation or transfer will be deemed to have expired.

- (d) **TSXV Approval.** Notwithstanding any other provision of this Option Plan, any adjustment to an Option granted or issued under this Option Plan, except in relation to a consolidation or stock split, is subject to the prior approval of the TSXV.

15. AMENDMENT AND TERMINATION OF THIS OPTION PLAN

- (a) Subject to Section 15(b), the Board (which for these purposes does not include a reference to a Committee) may at any time, and from time to time, and without shareholder approval, amend any provision of this Option Plan, that is an amendment to fix typographical errors or amendments to clarify the existing provisions of this Option Plan that do not substantively alter the scope, nature and intent of the provisions, or terminate this Option Plan. Any other amendment shall require the approval of the TSXV, except as provided in Section 15(c).
- (b) Notwithstanding Section 15(a) and any TSXV approval to an amendment, the Board (nor the Committee) shall not be permitted to amend:
 - (i) Section 4(a) in order to change the percentage of Common Shares issuable under this Option Plan;
 - (ii) the limitations in Section 4(b);
 - (iii) Section 6 in any manner;
 - (iv) the method for determining the exercise price of Options;
 - (v) the definition of "Eligible Participant" or the Persons eligible to participate in this Option Plan;
 - (vi) the exercise price of any Option issued under this Option Plan to an Insider where such amendment has the effect of reducing the exercise price of such Option;
 - (vii) the expiry date of any Option issued under this Option Plan to an Insider where such amendment would cause an extension to the original expiry date; or
 - (viii) the expiry and termination provisions herein,in each case without first having obtained Disinterested Shareholder Approval.
- (c) The Company may amend the terms of an Option without the acceptance of the TSXV in the following circumstances, but provided the Company issues a news release outlining the terms of the amendment:
 - (i) to reduce the number of Common Shares under Option;
 - (ii) to increase the exercise price of an Option; or
 - (iii) to cancel an Option.

- (d) Any amendment or termination shall not alter the terms or conditions of any Option or impair any right of any holder of Options pursuant to any Option granted prior to such amendment or termination.
- (e) Notwithstanding the foregoing, this Option Plan will automatically terminate when, and if, any of the authorizations required to authorize this Option Plan shall cease.

16. RIGHTS PRIOR TO EXERCISE

An Eligible Participant shall have no rights whatsoever as a shareholder in respect of any Common Shares, including any right to receive dividends or other distributions therefrom or thereon, other than in respect of Common Shares in respect of which the Eligible Participant shall have exercised the Option to purchase hereunder and which the Eligible Participant shall have actually taken up and paid for in full. For greater certainty, a holder of an Option under this Option Plan shall not be permitted to vote on any arrangement of the Company proposed to the holders of the Common Shares.

17. NO CONTINUED SERVICE

Nothing contained in this Option Plan or the grant of an Option shall confer upon any Eligible Participant any right with respect to employment or continuance of employment, consultancy agreement, or service of any nature with the Company or any Subsidiary or Affiliate of the Company, or interfere in any way with the right of the Company or any Subsidiary or Affiliate to terminate the Eligible Participant's employment or consultancy agreement at any time. Participation in this Option Plan by an Eligible Participant is entirely voluntary and Eligible Participant may decline the grant of an Option at any time and/or voluntarily agree to the termination of an Option previously granted at any time.

18. EFFECTIVE DATE

The Option Plan shall be established effective on the date that this Option Plan has been adopted by the Board (the "**Effective Date**") provided, however, that while Options may be granted prior to the necessary regulatory, stock exchange and shareholder approvals, no Options shall be exercised in accordance with this Option Plan prior to it having received the necessary regulatory, stock exchange and shareholder approvals. If any Common Shares cannot be issued upon exercise for any reason, including, without limitation, the failure to obtain such approvals, then the obligation of the Company to issue such Common Shares shall terminate and any Option price paid by the holder of such Option to the Company shall be immediately refunded by the Company.

19. NO REPRESENTATION OR WARRANTY

The Company makes no representation or warranty as to the future market value of any Common Shares issued in accordance with the provisions of the Option Plan.

20. EXPIRY OF OPTION

On the expiry date of any Option granted under this Option Plan, and subject to any extension of such expiry date permitted in accordance with this Option Plan, such Option shall forthwith expire and terminate and be of no further force or effect whatsoever, or as to the Common Shares in respect of which the Option has not been exercised.

21. SUPREMACY

To the extent there is any inconsistency between this Option Plan and TSXV Policies, the TSXV Policies shall prevail.

22. NOTICE

Any notice required to be given by this Option Plan shall be in writing and shall be given by registered mail, postage prepaid, or delivered by courier or by electronic transmission such as email addressed, if to the Company, to the head office of the Company, Attention: Corporate Secretary; or if to an Eligible Participant, to such Eligible Participant at his or her address as it appears on the books of the Company or in the event of the address of any such Eligible Participant not so appearing, then to the last known address of such Eligible Participant; or if to any other person, to the last known address of such person.

23. NO FRACTIONAL SHARES

No fractional Common Shares will be issued upon the exercise of an Option. If, as a result of a consolidation, subdivision, conversion, exchange or reclassification of Common Shares, the holder of an Option would become entitled to a fractional Common Share, such person will have the right to purchase only the next lowest whole number of Common Shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

24. TIME OF ESSENCE

Time is of the essence of this Option Plan and of each Notice. No extension of time will be deemed to be or to operate as a waiver of the essentiality of time.

25. GOVERNING LAW

This Option Plan shall be construed in accordance with and be governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

26. APPROVAL

- (a) Unless TSXV Policies otherwise provide, this Option Plan must receive the approval of shareholders at the annual general meeting of the Company for that year.
- (b) Where any shareholder approval required in this Option Plan is required to be Disinterested Shareholder Approval, such approval must be determined and calculated as required by TSXV Policies.

- (c) This Option Plan was:
 - (i) initially approved by the Board on July 15, 2022; and
 - (ii) initially approved by shareholders on August 12, 2022.

SCHEDULE "A"
FORM OF NOTICE OF GRANT

DURANGO RESOURCES INC.
NOTICE OF GRANT

This Notice of Grant (this "**Notice**") is granted by Durango Resources Inc. (the "**Company**") in favour of the Eligible Participant named below (the "**Optionee**") pursuant to and on the terms and subject to the conditions of the Company's Stock Option Plan (the "**Plan**"). Capitalized terms used and not otherwise defined in this Notice shall have the meanings set forth in the Option Plan.

The terms of the option (the "**Option**"), in addition to those terms set forth in the Option Plan, are as follows:

1. **Optionee.** The Optionee is [●].
2. **Number of Common Shares.** The Optionee may purchase up to [●] Common Shares (the "**Option Shares**") pursuant to this Option, as and to the extent that the Option vests and becomes exercisable as set forth in section 6 of this Notice.
3. **Exercise Price.** The exercise price is CAD\$[●] per Option Share (the "**Exercise Price**").
4. **Date Option Granted.** The Option was granted on [●].
5. **Expiry Date.** The Option terminates on [●]. (the "**Expiry Date**").
6. **Vesting.** The Option to purchase Option Shares shall vest and become exercisable as follows:
 - a. [●]
7. **Exercise of Options.** In order to exercise the Option, the Optionee shall notify the Company in the form annexed hereto as Appendix I, pay the Exercise Price to the Company as required by the Option Plan, whereupon the Optionee shall be entitled to receive a certificate representing the relevant number of fully paid and non-assessable Common Shares.
8. **Transfer of Option.** The Option is not-transferable or assignable except in accordance with the Option Plan.
9. **Inconsistency.** This Notice is subject to the terms and conditions of the Option Plan and in the event of any inconsistency or contradiction between the terms of this Notice, the Option Plan and any other agreement the Optionee has with the Company, the terms of the Option Plan shall govern.

10. **Severability.** Wherever possible, each provision of this Notice shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Notice is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Notice shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.
11. **Entire Agreement.** This Notice and the Option Plan embody the entire agreement and understanding among the parties and supersede and pre-empt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.
12. **Successors and Assigns.** This Notice shall bind and enure to the benefit of the Optionee and the Company and their respective successors and permitted assigns.
13. **Time of the Essence.** Time shall be of the essence of this Agreement and of every part hereof.
14. **Governing Law.** This Agreement and the Option shall be governed by and interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
15. **Counterparts.** This Notice may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

By signing this Notice, the Optionee acknowledges that the Optionee has been provided a copy of and has read and understands the Option Plan and agrees to the terms and conditions of the Option Plan and this Notice.

IN WITNESS WHEREOF the parties hereof have executed this Notice as of the _____ day of _____, 20__.

DURANGO RESOURCES INC.

By: _____
Authorized Signing Officer

[Insert Eligible Participant's Name]

APPENDIX I

**DURANGO RESOURCES INC.
ELECTION TO EXERCISE STOCK OPTIONS**

TO: DURANGO RESOURCES INC. (the "Company")

The undersigned hereby elects to exercise Options granted by the Company to the undersigned pursuant to a Notice of Grant dated _____, 20__ under the Company's Stock Option Plan (the "**Plan**"), for the number of Common Shares set forth below. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Option Plan.

Number of Common Shares to be acquired: _____

Exercise Price (per Common Share): _____

CAD\$ _____

Aggregate Purchase Price: _____

CAD\$ _____

Amount enclosed that is payable on account of any source deductions relating to this Option exercise (contact the Company for details of such amount):

CAD\$ _____

Or check here if alternative arrangements have been made with the Company (i.e., Cashless Exercise).

and hereby tenders a bank draft, certified cheque, wire transfer or other form of payment confirmed as acceptable by the Company for such aggregate purchase price, and, if applicable, all source deductions, and directs such Common Shares to be registered as follows:

Name: _____

Address: _____

I/We hereby agree to file or cause the Company to file on my/our behalf, on a timely basis, all insider reports and other reports that I/we may be required to file under applicable securities laws. I/We understand that this request to exercise my Options is irrevocable.

DATED this ____ day of _____, 20____.

Signature of Eligible Participant

Name of Eligible Participant (Please Print)