

KOOTENAY RESOURCES INC.

Suite 1125-595 Howe Street
Vancouver, British Columbia V6C 2T5

INFORMATION CIRCULAR

(containing information as at June 15, 2026 unless otherwise noted)

PERSONS MAKING THE SOLICITATION

This Information Circular is furnished in connection with the solicitation of proxies being made by the management of Kootenay Resources Inc. (the “Corporation”) for use at the Annual General Meeting of the Corporation’s shareholders (the “Meeting”) to be held on Thursday, July 23, 2026 at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be made primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Corporation.

All costs of this solicitation will be borne by the Corporation.

APPOINTMENT AND REVOCATION OF PROXIES

The individuals named in the accompanying form of proxy are directors or officers of the Corporation (the “**Management Proxyholders**”). **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR THE SHAREHOLDER AND ON THE SHAREHOLDER’S BEHALF AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY INSERTING SUCH PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND STRIKING OUT THE MANAGEMENT PROXYHOLDERS PRINTED NAMES, OR BY COMPLETING ANOTHER FORM OF PROXY.**

To be valid, a proxy must be dated and signed by the shareholder or by the shareholder’s attorney authorized in writing. In the case of a corporation, the proxy must be signed by a duly authorized officer of or an attorney for the corporation. The completed proxy, together with the power of attorney or other authority, if any, under which the proxy was signed or a notarially certified copy of the power of attorney or other authority, must be delivered to Endeavor Trust Corporation, Proxy Department, 702 – 777 Hornby Street, Vancouver, BC V6Z 1S4, by fax at 604-559-8908, by email at proxy@endeavortrust.com or online at www.eproxy.ca, by mail, fax or by following the procedure for telephone or internet voting provided in the accompanying form of proxy at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the Meeting, or any adjournment(s) or postponement(s) thereof, or with the Chairman of the Meeting prior to the commencement of the Meeting, or any adjournment(s) or postponement(s) thereof.

A shareholder who has given a proxy may revoke it by an instrument in writing executed by the shareholder or by the shareholder’s attorney authorized in writing or, if the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Corporation, at Suite 1400 – 1050 West Pender Street, Vancouver, British Columbia, V6E 3S7, at any time up to and including the last business day preceding the day of the Meeting or any adjournment(s) or postponement(s) thereof, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

ADVICE TO BENEFICIAL SHAREHOLDERS

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Corporation are “non-registered” shareholders because the common shares of the Corporation they own are not registered in their names but are instead registered in the names of a brokerage firm, bank or other intermediary or in the name of a clearing agency. Shareholders who do not hold their common shares in their own name (referred to herein as “Beneficial Shareholders”) should note that only registered shareholders may vote at the Meeting.

If common shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in such shareholder's name on the records of the Corporation. Such shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which company acts as nominee and custodian for many Canadian brokerage firms), and in the United States the vast majority of such shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many United States brokerage firms and custodian banks). Common shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting shares for their clients. The directors and officers of the Corporation do not know for whose benefit the common shares registered in the name of CDS & Co. and Cede & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings unless the Beneficial Shareholders have waived their right to receive Meeting materials. Every intermediary (broker) has its own mailing procedure and provides its own return instructions, which should be carefully followed in order to ensure that their common shares are voted at the Meeting. The voting instruction form supplied by intermediaries to Beneficial Shareholders is often identical to the form of proxy that is provided to registered shareholders. However, the purpose of the voting instruction form is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. Should a non-registered shareholder receiving such a voting instruction form wish to vote at the Meeting, the non-registered shareholder should strike out the names of the Management Proxyholders named in the voting instruction form and insert the name of the person designated by the non-registered shareholder in the blank provided and return the voting instruction form to the intermediary in accordance with the instructions contained in the form, well in advance of the Meeting.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. **A Beneficial Shareholder who receives a voting instruction form cannot use that form to vote common shares directly at the Meeting. The voting instruction form must be returned to Broadridge (or instructions respecting the voting of the common shares must be communicated to Broadridge) well in advance of the Meeting in order to have the common shares voted.** All references to shareholders in this Information Circular and the accompanying form of proxy and Notice of Meeting are to shareholders of record unless specifically stated otherwise.

Beneficial Shareholders fall into two categories – those who object to their names being made known to the issuers of securities which they own (called "**OBOs**" – for "**Objecting Beneficial Owners**") and those who do not object to the issuers of the securities they own knowing who they are (called "**NOBOs**" for "**Non-Objecting Beneficial Owners**"). In accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), issuers may obtain and use the NOBO list for distribution of proxy-related materials directly (not via Broadridge) to such NOBOs.

The Corporation is taking advantage of NI 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* which permits the Corporation to deliver proxy-related materials directly to its NOBOs. As a result, NOBOs can expect to receive a voting instruction form ("**VIF**") from the Corporation's transfer agent, Endeavor Trust Corporation ("Endeavor"). The VIF is to be completed and returned to Endeavor or by facsimile, or by email, or a NOBO has the option to submit their proxy vote either via the internet in the manner described in the VIF. Endeavor tabulates the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the common shares represented by those VIFs.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Corporation or its transfer agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send this Information Circular to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering the Information Circular to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

EXERCISE OF DISCRETION

If the instructions in a proxy are certain, the shares represented thereby will be voted on any poll by the persons named in the proxy and, where a choice with respect to any matter to be acted upon has been specified in the proxy, the shares represented thereby will, on a poll, be voted or withheld from voting in accordance with the specifications so made.

If no choice is specified and one of the Management Proxyholders is appointed by a registered shareholder as proxyholder, such person will vote in favour of each matter identified in the Notice of Meeting and for the nominees of management for directors and auditor.

The enclosed form of proxy, when properly completed and delivered and not revoked, confers discretionary authority upon the persons appointed proxyholders thereunder to vote with respect to any amendments or variations of matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the time of the printing of this Information Circular, the management of the Corporation knows of no such amendment, variation or other matter which may be presented to the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at June 15, 2026, the Corporation has 43,601,456 fully paid and non-assessable common shares without par value issued and outstanding, each share carrying the right to one vote.

Any shareholder of record at the close of business on June 15, 2026 who either personally attends the Meeting or who has completed and delivered a proxy in the manner and subject to the provisions described above, shall be entitled to vote or to have such shareholder's shares voted at the Meeting.

The Articles of the Corporation provide that a quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the Meeting.

To the best of the knowledge of the directors and executive officers of the Corporation, no persons, beneficially own, directly or indirectly, or exercise control or direction over, shares carrying 10% or more of the voting rights attached to all outstanding shares of the Corporation, other than as set out below:

<u>Name</u>	<u>Number of Common Shares</u>	<u>Percentage</u>
Kootenay Silver Inc.	5,437,810	12.47%

ELECTION OF DIRECTORS

The Board of Directors (the “**Board**”) of the Corporation presently consists of four (4) directors, and it is intended to fix the number of directors at four (4) and to elect four (4) directors for the ensuing year.

The term of office of each of the present directors expires at the Meeting. The persons named below will be presented for election at the Meeting as management's nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of the Corporation or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Corporation or within the provisions of the *Business Corporations Act* (British Columbia).

The following table sets out the names of the proposed nominees for election as directors, the province or state and country in which each is ordinarily resident, all offices of the Corporation now held by each of them, if any, their principal occupations or employments during the past five years if such nominee is not presently an elected director,

the period of time each has been a director of the Corporation, and the number of common shares of the Corporation beneficially owned by each, directly or indirectly, or over which control or direction is exercised, as at the date hereof.

Name, Province or State and Country of Residence of Proposed Director and Present, Position(s) with Corporation⁽¹⁾	Principal Occupation and, if not at Present an Elected Director, Employment for Last Five Years⁽¹⁾	Date(s) Served as a Director	Common Shares Held⁽¹⁾
James M. McDonald⁽³⁾ Alberta, Canada <i>President, Chief Executive Officer and Director</i>	President and Chief Executive Officer of the Corporation; President and Chief Executive Officer of Kootenay Silver Inc., a mineral exploration and development company; President of Makwa Exploration Ltd. (“ Makwa ”), a private geological consulting company; former Director of Northern Vertex Mining Corp; and Director of Aldebaran Resources.	March 7, 2003	3,707,921⁽²⁾
Rajwant S. Kang British Columbia, Canada <i>Chief Financial Officer, Corporate Secretary and Director</i>	Chief Financial Officer and Corporate Secretary of the Corporation; and Chief Financial Officer and Corporate Secretary of Kootenay Silver Inc., a mineral exploration and development company. Director, Chief Financial Officer and Corporate Secretary of Galactic Gold Corp.	October 26, 2021	383,327
Kenneth E. Berry⁽³⁾ British Columbia, Canada <i>Director</i>	Director, President & Chief Executive Officer of Galactic Gold Corp. self-employed consultant, providing finance and corporate communications services to various public companies; and former Director, President, CEO and Chairman of Northern Vertex Mining Corp.	October 26, 2021	92,407
Christopher Curran⁽³⁾ British Columbia, Canada <i>Director</i>	VP of Investor Relations and Corporate Development for Tudor Gold Corp. and Goldstorm Metals Corp.; self-employed consultant, providing finance and corporate communications services to various public companies; and former Manager of Corp. Communications for Northern Vertex Mining Corp and Kootenay Silver Inc.	April 30, 2024	59,984

- (1) The information as to province or state and country of residence, principal occupation and number of shares beneficially owned by the nominees (directly or indirectly or over which control or direction is exercised) is not within the knowledge of management of the Corporation and has been furnished by the respective nominees.
- (2) Of these shares, 19,588 are held by Makwa, a private company controlled by Mr. McDonald.
- (3) Member of the Audit Committee.

Shareholders can vote for all of the proposed nominees for directors of the Corporation, vote for some of the proposed nominees and withhold for others, or withhold from voting for all or any of the proposed nominees. **Unless otherwise instructed, the named proxyholders will vote FOR the election of each of the proposed nominees set forth above as directors of the Corporation.**

The Board does not contemplate that any of its nominees will be unable to serve as a director. If any vacancies occur in the slate of nominees listed above before the Meeting, then the proxyholders named in the accompanying form of proxy intend to exercise discretionary authority to vote the shares represented by proxy for the election of any other persons as directors.

No proposed director of the Corporation 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 Corporation), that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, 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.

No proposed director of the Corporation:

- (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 or executive officer of any company (including the Corporation) 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
- (b) has, within 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.

No proposed director of the Corporation 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.

STATEMENT OF EXECUTIVE COMPENSATION

Director and Named Executive Officer Compensation

In this section, “Named Executive Officer” or “NEO” means each of the following individuals: (a) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer (“CEO”); (b) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer (“CFO”); (c) in respect of the Corporation and its subsidiaries, the three most highly compensated executive officers other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year regardless

of the amount of salary and/or bonus earned by the individuals, for that financial year; (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of that financial year.

During the Corporation's financial year ended December 31, 2025, the following individuals were the Named Executive Officers of the Corporation:

- James M. McDonald, President, CEO and a director
- Rajwant S. Kang, CFO, Corporate Secretary and a director

The following disclosure sets out the compensation that the Corporation paid, made payable, awarded, granted gave or otherwise provided to each NEO and director for the financial years ended December 31, 2025 and 2024.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

Table of Compensation Excluding Compensation Securities

For each NEO and director, the following table contains a summary of the compensation paid to him for each of the Corporation's two most recently completed financial years:

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
James M. McDonald President, CEO and Director	2025	Nil	Nil	Nil	Nil	Nil	Nil
	2024	Nil	Nil	Nil	Nil	Nil	Nil
Rajwant S. Kang CFO, Corporate Secretary and Director	2025	Nil	Nil	Nil	Nil	Nil	Nil
	2024	Nil	Nil	Nil	Nil	Nil	Nil
Kenneth E. Berry Director	2025	Nil	Nil	Nil	Nil	Nil	Nil
	2024	Nil	Nil	Nil	Nil	Nil	Nil
Christopher Curran Director	2025	Nil	Nil	Nil	Nil	Nil	Nil
	2024	N/A	N/A	N/A	N/A	N/A	N/A

Stock Options and other Compensation Securities

None of the Named Executive Officers or directors of the Corporation received any compensation securities from the Corporation or one of its subsidiaries during the most recently completed financial year ended December 31, 2025 for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries.

As at the financial year ended December 31, 2025, none of the Named Executive Officers or directors of the Corporation held any Awards (as defined below).

Exercises of Compensation Securities by Named Executive Officers and Directors

None of the Named Executive Officers or directors of the Corporation exercised any compensation securities during the financial year ended December 31, 2025.

Stock Option Plans and other Incentive Plans

The Corporation currently has in place a 10% “rolling” equity incentive plan (the “**Equity Incentive Plan**”), which replaced the Corporation’s prior rolling 10% stock option plan, share unit plan and deferred share unit plan on November 1, 2023. The purpose of the Equity Incentive Plan is to attract and retain directors, officers, employees and consultants and to motivate them to advance the interests of the Corporation by affording them with the opportunity to receive or acquire an equity interest in the Corporation through Awards (as defined below) granted under the Equity Incentive Plan.

The following is a summary of certain provisions of the Equity Incentive Plan:

The Equity Incentive Plan is a 10% “rolling” equity incentive plan pursuant to which the maximum number of common shares reserved for issuance, together with all of the Corporation’s other previously established or proposed stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of common shares, shall not result in the number of common shares reserved for issuance pursuant to Awards exceeding 10% of the issued and outstanding common shares as at the date of grant of any Award. Pursuant to the terms of the Equity Incentive Plan, in addition to the ability to award options (“**Options**”) to acquire common shares of the Corporation to Participants, the Corporation has the availability to award restricted share units (“**RSUs**”), deferred share units (“**DSUs**”), performance share units (“**PSUs**”), stock appreciation rights (“**SARs**”) and share purchase rights (“**SP Rights**”) (collectively, the “**Awards**”). Pursuant to the Equity Incentive Plan, the Corporation may provide financial assistance (which cannot involve lending funds to a Participant for the purposes of acquiring securities of the Corporation, whether from treasury or otherwise), or a Participant may be allowed to purchase securities of the Corporation (which may be at a discount to fair market value), or a Participant may be entitled to receive additional securities of the Corporation upon subscribing for a pre-established number of securities of the Corporation, which securities may be issued from the treasury or purchased on the secondary market. The Equity Incentive Plan was accepted by the TSXV on October 2, 2023 in connection with the common shares of the Corporation being listed on the TSXV and modifications may be made to the Equity Incentive Plan if required by the TSXV.

The Equity Incentive Plan provides that:

1. All employees, officers, directors, consultants, management company employees, consultant companies and eligible charitable organizations (collectively, the “**Participants**”) are eligible to participate under the Equity Incentive Plan. Eligibility to participate does not confer any person any right to receive any grant of an Award pursuant to the Equity Incentive Plan. The extent to which any person is entitled to receive a grant of an Award pursuant to the Equity Incentive Plan will be determined in the sole and absolute discretion of the Board. Notwithstanding the foregoing, investor relations service providers may only be granted Options under the Equity Incentive Plan.
2. Awards of Options, RSUs, PSUs, DSUs, SARs, and SP Rights may be made under the Equity Incentive Plan. All Awards are subject to the conditions, limitations, restrictions, exercise price, vesting, settlement and forfeiture provisions determined in the sole and absolute discretion of the Board, subject to such limitations provided in the Equity Incentive Plan, and will generally be evidenced by an award agreement. In addition, subject to the limitations of the Equity Incentive Plan and in accordance with applicable law or the policies of the TSX Venture Exchange (the “**TSXV**”), the Board may accelerate or defer the vesting or payment of Awards, cancel or modify outstanding Awards, and waive any condition imposed with respect to Awards or common shares issued pursuant to Awards.
3. No Awards granted under the Equity Incentive Plan or any right thereunder or in respect thereof shall be transferable or assignable (other than upon the death of the Participant).
4. The maximum number of common shares issuable under the Equity Incentive Plan shall not exceed 10% of the number of common shares of the Corporation issued and outstanding as of each Award date, inclusive of all common shares reserved for issuance pursuant to previously granted Awards.

5. Awards will vest as the Board may determine, subject to the policies of the TSXV and the provisions of the Equity Incentive Plan, such as the 12-month probation of vesting for Awards other than Options and the requirement that Options granted to investor relations service providers must vest in stages over a period of not less than 12 months, such that no more than 25% vest any sooner than three months after the date of grant and not more than 25% vest any sooner than every three months thereafter.
6. If a change of control shall be deemed to be imminent, or to have occurred, there shall be immediate full vesting of each outstanding Option; provided, however, no acceleration to the vesting schedule of an Option granted to a Participant performing investor relations services may be made without prior acceptance of the TSXV. Unless otherwise determined by the Board, or unless otherwise provided in a Participant's service agreement or award agreement, if a change of control shall conclusively be deemed to be imminent, or to have occurred, then the Board shall have the discretion, without the prior approval of the Participants but subject to any required approval of the TSXV, to, among other things, determine that there will be immediate full vesting of each outstanding Award (other than Options) granted, which may be exercised or settled, in whole or in part, even if such Award is not otherwise exercisable or vested by its terms.
7. The exercise price of any Options will be determined by the Board and cannot be less than the greater of: (i) the minimum price established by the TSXV and (ii) the market value of the common shares on the day preceding the date of grant of the Options. Subject to approval from the Board and the common shares being traded on the TSXV, a brokerage firm may be engaged to loan money to the Participant in order for the Participant to exercise the Options to acquire the common shares, subsequent to which the brokerage firm shall sell a sufficient number of common shares to cover the exercise price of such Options to satisfy the loan. The brokerage firm shall receive an equivalent number of common shares from the exercise of the Options, and the Participant shall receive the balance of the common shares or cash proceeds from the balance of such common shares. Subject to approval from the Board and the common shares being traded on the TSXV, consideration may also be paid by reducing the number of common shares otherwise issuable under the Options, in lieu of a cash payment to the Corporation, a Participant, excluding those providing investor relations services, only receives the number of common shares that is equal to the quotient obtained by dividing: (i) the product of the number of Options being exercised multiplied by the difference between the volume-weighted average trading price of the common shares and the exercise price of the Options, by (ii) the volume-weighted average trading price of the common shares.
8. The Corporation may grant SARs pursuant to the Equity Incentive Plan whereby Participants will have the right to receive common shares, a cash payment, or any combination thereof, as determined by the Board, from the Corporation in an amount equal to the number of SARs granted multiplied by the difference between the fair market value (as defined in the Equity Incentive Plan) at the exercise date (as defined in the Equity Incentive Plan) over the base price (as defined in the Equity Incentive Plan) fixed by the Board.
9. The term of any Options will be fixed by the Board at the time such Options are granted, provided that Options will not be permitted to exceed a term of ten years.
10. No more than (i) 5% of the issued common shares may be granted under Awards to any one individual in any 12 month period, unless disinterested shareholder approval is obtained in accordance with the policies of the TSXV; and (ii) 2% of the issued common shares may be granted under Awards to a consultant, or an employee performing investor relations activities, in any 12 month period.
11. Subject to the discretion of the Board, in the event that a dividend (other than a stock dividend) is declared and paid by the Corporation on the common shares, a Participant may be credited with additional RSUs, DSUs or PSUs.
12. Unless disinterested shareholder approval is obtained in accordance with the policies of the TSXV, the maximum number of common shares that may be issued to insiders (as a group) under the Equity Incentive Plan within a 12-month period, may not exceed 10% of the issued common shares calculated on the date of grant, and the maximum number of common shares that may be issued to insiders (as a group) under the Equity Incentive Plan may not exceed 10% of the issued common shares at any time.

13. All security based compensation granted or issued to any Participant who is a director, officer, employee, consultant or management company employee must expire within a reasonable period, not exceeding 12 months, following the date the Participant ceases to be an eligible Participant under the Equity Incentive Plan. If a Participant ceases to be employed or engaged by the Corporation for cause, no Options will be exercisable following the date of on which such Participant ceased to be so employed or engaged, unless otherwise determined by the Board and subject to the terms of the Equity Incentive Plan. In the event of the retirement or termination of a Participant during the restricted period (as defined in the Equity Incentive Plan), any RSUs held by the Participant shall immediately terminate. In the event of the retirement or termination of a Participant following the restricted period (as defined in the Equity Incentive Plan) and before the deferred payment date (as defined in the Equity Incentive Plan), the Participant shall be entitled to receive common shares or cash, as determined by the Board, in satisfaction of the RSUs then held. If a Participant ceases to be an employee or a director during the performance period (as defined in the Equity Incentive Plan) because of retirement or termination, all PSUs previously awarded to the Participant shall be forfeited, subject to the discretion of the Board.
14. Awards will be reclassified or amended in the event of any consolidation, subdivision, conversion or exchange of the Corporation's common shares, subject to any necessary approvals of the TSXV.

In accordance with the policies of the TSXV, "rolling security based compensation plans" must be approved annually at the annual meeting by the shareholders of the Corporation. Accordingly, the shareholders of the Corporation will be asked at the Meeting to ratify, confirm and approve the Equity Incentive Plan. The Equity Incentive Plan was last approved by the shareholders at the Corporation's annual general meeting held on December 18, 2025 and the TSXV on June 25, 2025. See "*Particulars of Other Matters to be Acted Upon – Ratification of Approved Equity Incentive Plan*" for details of the ratification of the Equity Incentive Plan.

Employment, Consulting and Management Agreements

No agreement or arrangement was in place during the financial year ended December 31, 2025 under which compensation was provided or is payable in respect of services provided to the Corporation or any of its subsidiaries that were performed by a director or Named Executive Officer of the Corporation or by any other party but are services typically performed by a director or Named Executive Officer.

Oversight and Description of Director and Named Executive Officer Compensation

The Board meets on an ad hoc basis to discuss and determine compensation of Named Executive Officers, without reference to formal objectives, criteria or analysis. The general objectives of the Corporation's compensation strategy are to (a) compensate management in a manner that encourages and rewards a high level of performance and results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; and (c) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Corporation is under by virtue of the fact that it is a junior mineral exploration company without a history of earnings.

The Board, as a whole, ensures that total compensation paid to all Named Executive Officers is fair and reasonable. The Board, as a whole, recommends levels of executive compensation that are competitive, motivating and commensurate with the time spent by executive officers in meeting their obligations. The Corporation did not pay any compensation or grant any Awards under the Equity Incentive Plan to any Named Executive Officer during the financial year ended December 31, 2025.

The Corporation has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Corporation for their services in their capacity as directors or for committee participation. No compensation was paid or is payable to any director of the Corporation for their respective services as a director during the financial year ended December 31, 2025. Directors are entitled to be reimbursed for reasonable expenditures incurred in performing their duties as directors, and the Corporation may, from time to time, grant to its directors Awards under the Equity Incentive Plan. Directors are entitled to receive compensation from the Corporation to the extent that they provide other services to the Corporation and any such compensation is based on rates that would be charged by such directors

for such services to arm's length parties. The Corporation currently relies solely on Board discussion on an ad hoc basis without any formal objectives, criteria and analysis to determine director compensation.

Pension Plan Benefits

The Corporation has no pension plans that provide for payments or benefits to any Named Executive Officer or director at, following or in connection with retirement. The Corporation also does not have any deferred compensation plans relating to any Named Executive Officer or director.

Termination and Change of Control Benefits

The Corporation has not provided compensation, monetary or otherwise, during the most recently completed financial year, to any person who now or previously has acted as a Named Executive Officer of the Corporation, in connection with or related to the retirement, termination or resignation of such person, and the Corporation has provided no compensation to any such person as a result of a change of control of the Corporation. The Corporation is not party to any compensation plan or arrangement with a Named Executive Officer resulting from the resignation, retirement or termination of employment of any such person.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information

The following table provides information regarding the number of securities authorized for issuance under the Option Plan, as at the end of the Corporation's most recently completed financial year ended December 31, 2025:

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) ⁽¹⁾ (c)
Equity compensation plans approved by securityholders	Nil	N/A	4,360,145 Common Shares
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
Total	Nil		4,360,145 Common Shares

- (1) Based on the total number of common shares of the Corporation to be reserved and authorized for issuance as at December 31, 2025 pursuant to Awards granted under the Equity Incentive Plan being 10% of the issued and outstanding common shares from time to time.

See "Statement of Executive Compensation – Stock Option Plans and Other Incentive Plans" for a summary of the Equity Incentive Plan.

APPOINTMENT AND REMUNERATION OF AUDITOR

The persons named in the accompanying proxy intend to vote for the re-appointment of MNP LLP, Chartered Professional Accountants, as auditor of the Corporation and to authorize the directors to fix their remuneration. MNP has been the auditor of the Corporation since inception.

AUDIT COMMITTEE

Under National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”) the Corporation is required to provide disclosure with respect to its audit committee including the text of the audit committee’s charter, composition of the committee, and the fees paid to the external auditor.

Audit Committee Charter

The Corporation has a written charter (the “**Audit Committee Charter**”) which sets out the duties and responsibilities of the Audit Committee. The text of the Audit Committee Charter is attached hereto as Schedule “A”.

Composition of the Audit Committee

The Corporation’s Audit Committee is currently comprised of three directors, James M. McDonald, Kenneth E. Berry and Christopher Curran. As defined in NI 52-110, Mr. McDonald, President and CEO of the Corporation, is not considered independent as he is an executive officer of the Corporation. Mr. Berry and Mr. Curran are independent members of the Audit Committee. All of the Audit Committee members are “financially literate” as defined in NI 52-110.

Relevant Education and Experience

All Audit Committee members have the ability to read and understand 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 Corporation’s financial statements and are therefore considered financially literate.

James M. McDonald

Mr. McDonald holds a P.Geo. designation and has over 30 years’ experience in the international mining sector. He is currently President, Chief Executive Officer and a director of the Corporation. He has a proven track record developing and advancing projects from the start-up phase to production. Among his credits, he co-founded and successfully developed National Gold Corporation, which merged with Alamos Minerals Ltd. to form Alamos Gold Inc. for which he was a director and during his time as a director he served on a number of committees including the technical and audit committee. He left the board of Alamos in June 2012. He also formerly served as President of Genco Resources Ltd. during which time it operated the La Guitarra Mine, an underground silver mine located in Mexico. Mr. McDonald has experience in reviewing financial statements.

Kenneth E. Berry

Mr. Berry has over 30 years of experience in finance and venture capital markets. He began his career in the Canadian brokerage industry as an investment advisor before moving on to found various publicly traded companies. His roles have included senior management positions and directorships responsible in areas of finance, business development, strategic planning and corporate restructuring. Mr. Berry is a founder of Kootenay Silver Inc. He is currently Director, President and CEO of Galactic Gold Corp. He held the roles of Chairman, President, CEO and Director of Northern Vertex Mining Corp. until early 2021 and during his tenure successfully brought the Moss Gold Mine into production in Arizona, U.S.A. Prior to his career in the capital markets, Mr. Berry enjoyed a professional hockey career and was a participant in the 1980 and 1988 Winter Olympics.

Christopher Curran

Mr. Curran is a self-employed consultant and has over 20 years of experience in business development, communications and capital markets that includes working with several publicly listed companies within the mining and exploration sector. He is currently Vice President Investor Relations and Corporate Development with Tudor Gold and Goldstorm Metals Corp. both TSXV listed companies. Formerly was Manager of Corporate Communications for Northern Vertex Mining Corp., which acquired and advanced the Moss gold project from exploration to commercial

production. Preceding Northern Vertex, Mr. Curran was responsible for the development of corporate communications programs for Kootenay Silver Inc. Mr. Curran holds a BA in Economics and Geography from the University of Regina.

Audit Committee Oversight

Since the commencement of the Corporation's most recently completed financial year, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year ended December 31, 2025, has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), the exemptions in Subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*), Subsection 6.1.1(5) (*Events Outside Control of Member*), Subsection 6.1.1(6) (*Death, Incapacity or Resignation*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*).

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described under the heading "Accounting Systems, Internal Controls and Procedures" in the Corporation's Audit Committee Charter attached as Schedule "A" hereto.

External Auditor Service Fees (By Category)

In the table below, "audit fees" are fees billed by the Corporation's external auditor for services provided in auditing the Corporation's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The fees billed to the Corporation by its auditor for the last two fiscal years, by category, are as follows:

Financial Year End	Audit Fees	Audit Related Fees⁽¹⁾	Tax Fees⁽²⁾	All Other Fees⁽³⁾
December 31, 2025	\$38,500	\$nil	\$4,300	\$nil
December 31, 2024	\$38,500	\$nil	\$5,350	\$nil

- (1) Fees charged for assurance and related services reasonably related to the performance of an audit and not included under "Audit Fees".
- (2) Fees charged for tax compliance, tax advice and tax planning services.
- (3) Fees for services other than disclosed in any other column

Exemption

The Corporation is relying on the exemption provided by section 6.1 of NI 52-110 which exempts venture issuers, as defined in NI 52-110, from certain reporting obligations under NI 52-110 for its most recently completed financial year ended December 31, 2025.

CORPORATE GOVERNANCE

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 Corporation. In addition, National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) prescribes certain disclosure by the Corporation of its corporate governance practices. This disclosure is presented below.

Board of Directors

The Board currently consists of four directors Kenneth E. Berry, James M. McDonald, Rajwant S. Kang and Christopher Curran. As defined in NI 58-101 and NI 52-110. James M. McDonald, as President and Chief Executive Officer of the Corporation and Rajwant S. Kang, the Chief Financial Officer and Corporate Secretary of the Corporation, are executive officers of the Corporation and therefore, not independent. Messrs. Berry and Curran are independent members of the Board.

The Board meets for formal board meetings periodically on an ad hoc basis during the year on an as needed basis to review and discuss the Corporation’s business activities and to consider and, if thought fit, to approve matters presented to the Board for approval, and to provide guidance to management. In addition, management will informally provide updates to the Board at least once per quarter between formal Board meetings. In general, management will consult with the Board when deemed appropriate to keep the Board informed regarding the Corporation’s affairs.

The Board facilitates the exercise of independent supervision over management through these various meetings. It is anticipated that the Board will establish the formal committees and, when necessary, the Board will strike a special committee of independent directors to deal with matters requiring independence. The composition of the Board will be such that the independent directors have significant experience in business affairs. As a result, the Board members will be able to provide significant and valuable independent supervision over management.

In the event of a conflict of interest at a meeting of the Board, the conflicted director will, in accordance with corporate law and in accordance with his fiduciary obligations as a director of the Corporation, disclose the nature and extent of his interest to the meeting and abstain from voting on or against the approval of such participation.

Directorships

The following directors of the Corporation are also directors of other reporting issuers as set out below: **[NTD: Corporation to confirm/update.]**

Director	Other Reporting Issuers
James M. McDonald	Aldebaran Resources Inc. Kootenay Silver Inc.
Kenneth E. Berry	Kootenay Silver Inc. Galactic Gold Corp.
Rajwant S. Kang	Galactic Gold Corp.

Orientation and Continuing Education

At present, the Corporation does not provide a formal orientation and education program for new directors. Prior to joining the Board, potential Board members are encouraged to meet with management and inform themselves regarding the affairs of management and the Corporation. After joining the Board, management will provide orientation both at the outset and on an ongoing basis. The Corporation currently has no specific policy regarding continuing education for directors; requests for education are encouraged and dealt with on an ad hoc basis.

Ethical Business Conduct

The primary step taken by the Corporation to encourage and promote a culture of ethical business conduct is to conduct appropriate due diligence on proposed directors and ensure that proposed directors are of the highest ethical standards.

Nomination of Directors

Once a decision has been made to add or replace a director, the task of identifying new candidates will fall on the Board and management. Proposals will be put forth by the Board and management and considered and discussed. If a candidate looks promising, the Board and management will conduct due diligence on the candidate and if the results are satisfactory, the candidate will be invited to join the Board.

Compensation

At present, the Corporation does not have a compensation committee. The CEO's compensation is determined by the Board (excluding the CEO). Compensation for Board members is determined by the Board as a whole.

Other Board Committees

At present, the Corporation does not have any other Board Committees other than the Audit Committee.

Assessments

At present, the Board does not have a formal process for assessing the effectiveness of the Board. These matters are dealt with on a case by case basis at the Board level.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Since the beginning of the last completed financial year, no current or former director, executive officer, employee or proposed director of the Corporation or any associate of such persons, or of any of its subsidiaries, has been indebted to the Corporation or to any of its subsidiaries, nor have any of these individuals been indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

MANAGEMENT CONTRACTS

Management functions of the Corporation are substantially performed by directors or executive officers of the Corporation and not, to any substantial degree, by any other person with whom the Corporation has contracted.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth elsewhere in this Information Circular, no informed person of the Corporation, no proposed nominee for election as a director of the Corporation and no associate or affiliate of any such informed person or proposed nominee has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction that, in either case, has materially affected or would materially affect the Corporation or any of its subsidiaries, other than as set out below.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than as disclosed elsewhere in this Information Circular, none of the directors or executive officers of the Corporation, no proposed nominee for election as a director of the Corporation, none of the persons who have been directors or executive officers of the Corporation since the commencement of the Corporation's last completed financial year and no associate or affiliate of any of the foregoing persons 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, the appointment of auditors and the ratification of the Equity Incentive Plan.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Ratification of Approved Equity Incentive Plan

At the annual general meeting of the shareholders held on December 18, 2025, the shareholders ratified, confirmed and approved the Equity Incentive Plan, which makes a total of 10% of the issued and outstanding common shares of the Corporation available for issuance upon the exercise of Awards thereunder. The Equity Incentive Plan was approved by the Board on February 27, 2023 and was accepted by the TSXV on June 25, 2025.

The TSXV requires all TSXV-listed companies that have a security based compensation plan like the Equity Incentive Plan to receive shareholder approval to such plan when adopted, and on a yearly basis thereafter at the Corporation's annual general meeting. Accordingly, the Corporation requests that the shareholders ratify, confirm and approve the Equity Incentive Plan.

A summary of certain provisions of the Equity Incentive Plan is provided under the heading "*Statement of Executive Compensation – Stock Option Plans and Other Incentive Plans*", and a full copy of the Equity Incentive Plan will be available at the Meeting. Shareholders may obtain a copy of the Equity Incentive Plan in advance of the Meeting upon request to the Corporation at Suite 1125-595 Howe Street, Vancouver, BC V6C 2T5. The Equity Incentive Plan is subject to the acceptance of the TSXV. If the TSXV finds the disclosure regarding the Equity Incentive Plan in this Information Circular to be inadequate, shareholder approval may not be accepted by the TSXV.

Shareholder Approval of the Equity Incentive Plan

At the Meeting, the shareholders of the Corporation will be asked to ratify, confirm and approve an ordinary resolution, in substantially the following form, in order to approve the Equity Incentive Plan, which resolution requires approval of greater than 50% of the votes cast by the shareholders who, being entitled to do so, vote, in person or by proxy, on the ordinary resolution at the Meeting:

"BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. subject to the acceptance of the TSX Venture Exchange (the "**Exchange**"), the equity incentive plan (the "**Equity Incentive Plan**") of Kootenay Resources Inc. (the "**Corporation**"), substantially in the form approved by the shareholders of the Corporation at the annual general meeting held on December 18, 2025, is hereby ratified, confirmed and approved;
2. the board of directors of the Corporation (the "**Board**") or any committee of the Board is hereby authorized to grant awards of stock options, deferred share units, restricted share units, performance share units, stock appreciation rights and stock purchase rights pursuant to the Equity Incentive Plan to those eligible to receive such awards thereunder;
3. the Board, or any committee created pursuant to the Equity Incentive Plan is authorized to make such amendments to the Equity Incentive Plan from time to time as are requested by the Exchange or as the Board may, in its discretion, consider to be appropriate, provided that such amendments will be subject to the approval of all applicable regulatory authorities and in certain cases, in accordance with the terms of the Equity Incentive Plan, the shareholders;
4. any one director or officer of the Corporation is hereby authorized to execute and deliver on behalf of the Corporation all such documents and instruments and to do all such other acts and things as in such director's opinion may be necessary to give effect to the matters contemplated by these resolutions; and
5. notwithstanding that this resolution be passed by the shareholders of the Corporation, the Board is hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable to the Board."

The form of the resolutions set forth above is subject to such amendments as management may propose prior to the Meeting, but which do not materially affect the substance of such resolutions.

Recommendation of the Board

The Board considers that the ability to grant incentives is an important component of its compensation strategy and is necessary to enable the Corporation to attract and retain qualified directors, officers, employees and consultants. **The Board therefore recommends that shareholders vote “For” the resolution ratifying, confirming and approving the Equity Incentive Plan.** Unless otherwise instructed, the persons named in the enclosed form of Proxy will vote “IN FAVOUR” of the above resolutions.

The Board reserves the right to amend any terms of the Equity Incentive Plan or not to proceed with the Equity Incentive Plan at any time prior to the Meeting if the Board determines that it would be in the best interests of the Corporation and the shareholders to do so in light of any subsequent event or development occurring after the date of the Information Circular.

OTHER BUSINESS

Management is not aware of any matters to come before the Meeting other than those set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the proxy to vote the common shares of the Corporation represented thereby in accordance with their best judgment on such matter.

ADDITIONAL INFORMATION

Additional information relating to the Corporation can be found on the SEDAR+ website at www.sedarplus.ca.

Financial information concerning the Corporation is also provided in the Corporation’s consolidated financial statements and management’s discussion and analysis for the financial years ended December 31, 2025 and 2024, which are available on SEDAR+ at www.sedarplus.ca.

Shareholders may obtain a copy of the Corporation’s financial statements and management’s discussion and analysis upon request to the Corporation by telephone at (604) 601-5650.

DATED this 15th day of June, 2026.

BY ORDER OF THE BOARD OF DIRECTORS

“James M. McDonald” (signed)

James M. McDonald
President, Chief Executive Officer and Director

SCHEDULE “A”

KOOTENAY RESOURCES INC. Audit Committee (the “Audit Committee”) of the Board of Directors

CHARTER

A. Composition and Process

1. The Audit Committee shall be composed of a minimum of three members of Board of Directors, a majority of whom are not officers or employees of the Corporation or any of its affiliates (as defined in the *Business Corporations Act* (British Columbia)).
2. Members shall serve one—year terms and may serve consecutive terms, which are encouraged to ensure continuity of experience.
3. The Chairperson shall be appointed by the Board of Directors for a one-year term, and may serve any number of consecutive terms.
4. All members of the Audit Committee shall be financially literate. Financial literacy is the ability to read and understand a balance sheet, income statement and cash flow statement that present a breadth and level of complexity comparable to the Corporation’s financial statements.
5. The Chairperson shall, in consultation with management and the external auditor and internal auditor (if any), establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to the members with sufficient time for study prior to the meeting. The external auditor will also receive notice of all meetings of the Audit Committee. The Audit Committee may employ a list of prepared questions and considerations as a portion of its review and assessment process.
6. At the discretion of the Audit Committee Members, the Audit Committee shall meet at least four times per year and may call special meetings as required. A quorum at meetings of the Audit Committee shall be its Chairperson and one of its other members or the Chairman of the Board of Directors. The Audit Committee may hold its meetings, and members of the Audit Committee may attend meetings, by telephone conference if this is deemed appropriate.
7. The minutes of the Audit Committee meetings shall accurately record the decisions reached and shall be distributed to Audit Committee members with copies to the Board of Directors, the Chief Executive Officer, the Chief Financial Officer and the external auditor.
8. The Audit Committee reviews, prior to their presentation to the Board of Directors and their release, all material financial information required by securities legislation and policies.
9. The Audit Committee enquires about potential claims, assessments and other contingent liabilities.
10. The Audit Committee periodically reviews with management, depreciation and amortization policies, loss provisions and other accounting policies for appropriateness and consistency.
11. The Charter of the Audit Committee shall be reviewed by the Board of Directors on an annual basis

B. Authority

1. Appointed by the Board of Directors pursuant to provisions of the *Business Corporations Act* (British Columbia) and the Articles of the Corporation.
2. Primary responsibility for the Corporation’s financial reporting, accounting systems and internal controls is vested in senior management and is overseen by the Board of Directors. The Audit Committee is a standing

committee of the Board of Directors established to assist it in fulfilling its responsibilities in this regard. The Audit Committee shall have responsibility for overseeing management reporting on internal controls. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Audit Committee to ensure that management has done so.

3. In fulfilling its responsibilities, the Audit Committee shall have unrestricted access to the Corporation's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.
4. The Audit Committee shall have direct communication channels with the internal auditor (if any) and the external auditor to discuss and review specific issues, as appropriate.
5. The Audit Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties.
6. The Audit Committee shall establish the compensation to be paid to any advisors employed by the Audit Committee and such compensation shall be paid by the Corporation as directed by the Audit Committee.

C. Relationship with External Auditors

1. An external auditor must report directly to the Audit Committee.
2. The Audit Committee is directly responsible for overseeing the work of the external auditor including the resolution of disagreements between management and the external auditor regarding financial reporting.
3. The Audit Committee shall implement structures and procedures to ensure that it meets with the external auditor on at least annually in the absence of management.

D. Accounting Systems, Internal Controls and Procedures

1. Obtain reasonable assurance from discussions with and/or reports from management, and reports from external auditors that accounting systems are reliable and that the prescribed internal controls are operating effectively for the Corporation and its subsidiaries and affiliates.
2. The Audit Committee shall review to ensure to its satisfaction that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements and will periodically assess the adequacy of those procedures.
3. Direct the external auditor's examinations to particular areas.
4. Review control weaknesses identified by the external auditor, together with management's response.
5. Review with the external auditor its view of the qualifications and performance of the key financial and accounting executives.
6. In order to preserve the independence of the external auditor the Audit Committee will:
 - (a) recommend to the Board of Directors the external auditor to be nominated; and
 - (b) recommend to the Board of Directors the compensation of the external auditor's engagement;
7. The Audit Committee shall review and pre-approve any engagements for non-audit services to be provided by the external auditor or its affiliates, together with estimated fees, and consider the impact on the independence of the external auditor.

8. Review with management and with the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting.
9. The Audit Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and most recent former external auditor of the Corporation.
10. The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
11. The Audit Committee shall on an annual basis, prior to public disclosure of its annual financial statements, ensure that the external auditor has entered into a participation agreement and has not had its participant status terminated, or, if its participant status was terminated, has been reinstated in accordance with the Canadian Public Accountability Board ("CPAB") bylaws and is in compliance with any restriction or sanction imposed by the CPAB.

E. Statutory and Regulatory Responsibilities

1. Annual Financial Information — review the annual audited financial statements, including any letter to shareholders and related press releases and recommend their approval to the Board of Directors, after discussing matters such as the selection of accounting policies (and changes thereto), major accounting judgments, accruals and estimates with management and the external auditor.
2. Annual Report — review the management discussion and analysis ("MD & A") section and all other relevant sections of the annual report to ensure consistency of all financial information included in the annual report.
3. Interim Financial Statements — review the quarterly interim financial statements, including any letter to shareholders and related press releases and recommend their approval to the Board of Directors.
4. Earnings Guidance/Forecasts — review forecasted financial information and forward looking statements.
5. Review the Corporation's financial statements, MD & A and earnings press releases before the Corporation publicly discloses this information.

F. Reporting

1. Report, through the Chairperson of the Audit Committee, to the Board of Directors following each meeting on the major discussions and decisions made by the Audit Committee.
2. Report annually to the Board of Directors on the Audit Committee's responsibilities and how it has discharge them.
3. Review the Audit Committee's Charter annually and recommend the approval of any proposed amendments to the Board of Directors.

G. Other Responsibilities

1. Investigating fraud, illegal acts or conflicts of interest.
2. Discussing selected issues with corporate counsel or the external auditor or management.