

**FIRST HELIUM INC.**  
**550 - 800 West Pender Street,**  
**Vancouver, BC, Canada, V6C 2V6**

**NOTICE OF ANNUAL GENERAL & SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that an annual general & special meeting (the “Meeting”) of the shareholders of **FIRST HELIUM INC.** (the “Company”) will be held at 550 – 800 West Pender Street, Vancouver, British Columbia, on Wednesday, November 2, 2022 at 11:00 a.m., PST, for the following purposes:

1. To receive the audited consolidated financial statements of the Company for the financial year ended March 31, 2022 together with the report of the auditor thereon;
2. To set the number of directors at four (4) for the ensuing year;
3. To elect directors of the Company for the ensuing year;
4. To re-appoint Davidson & Company LLP, Chartered Accountants, as auditor of the Company for the ensuing year and authorize the directors to fix their remuneration;
5. To consider, and if thought fit, to pass an ordinary resolution to approve a new 10% “rolling” stock option plan of the Company, as more particularly described in the accompanying Information Circular of the Company dated September 19, 2022; and
6. To transact such other business as may properly be brought before the Meeting or any adjournment thereof.

An Information Circular accompanies this Notice. The Information Circular contains details of matters to be considered at the Meeting.

**Shareholders who are unable to attend the Meeting in person and who wish to ensure that their shares will be voted at the Meeting are requested to complete, date and sign the enclosed form of proxy, or another suitable form of proxy, and deliver it in accordance with the instructions set out in the form of proxy and in the Information Circular.**

**An unregistered shareholder who plans to attend the Meeting must follow the instructions set out in the form of proxy or voting instruction form and in the Information Circular to ensure that such shareholder’s shares will be voted at the Meeting. If you hold your shares in a brokerage account you are not a registered shareholder.**

**DATED** at Vancouver, British Columbia, this September 19, 2022

**BY ORDER OF THE BOARD**

*"Ed Bereznicki "*

**Ed Bereznicki**

**President, CEO & Director**

**FIRST HELIUM INC.**  
**INFORMATION CIRCULAR**  
**FOR THE 2022 ANNUAL & SPECIAL MEETING OF SHAREHOLDERS**

This information is given as of September 19, 2022

**SOLICITATION OF PROXIES**

This Information Circular is provided to registered and beneficial owners of the Company's shares in connection with the solicitation of proxies by the management of **FIRST HELIUM INC.** (the "**Company**") for use at the Annual and Special Meeting (the "**Meeting**") of the shareholders of the Company, to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment(s) or postponement(s) thereof.

**PERSONS OR COMPANIES MAKING THE SOLICITATION**

**The enclosed instrument of proxy is solicited by management.** Solicitations will be made by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company. The Company may reimburse shareholders' nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining authorization from their principals to execute the instrument of proxy. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company. None of the directors of the Company have advised management in writing that they intend to oppose any action intended to be taken by management as set forth in this Information Circular.

**APPOINTMENT AND REVOCATION OF PROXIES**

This Information Circular is accompanied by a management instrument of proxy that permits registered shareholders who do not attend the Meeting in person to have their shares voted at the Meeting by a proxyholder appointed by the registered shareholder. The persons named in the accompanying instrument of proxy are directors or officers of the Company. **A shareholder has the right to appoint a person to attend and act for him on his behalf at the Meeting other than the persons named in the enclosed instrument of proxy. To exercise this right, the shareholder must strike out the names of the persons named in the instrument of proxy and insert the name of his nominee in the blank space provided or complete another instrument of proxy.**

**The completed instrument of proxy must be dated and signed and the duly completed instrument of proxy must be deposited at the Company's transfer agent, Endeavor Trust Corporation, Suite 702, 777 Hornby Street, Vancouver, BC V6Z 1S4, at least 48 hours before the time of the Meeting or any adjournment(s) or postponement(s) thereof, excluding Saturdays, Sundays and holidays.**

The instrument of proxy must be signed by the shareholder or by their duly authorized attorney. If signed by a duly authorized attorney, the instrument of proxy must be accompanied by the original power of attorney or a notarially certified copy thereof. If the shareholder is a corporation, the instrument of proxy must be signed by a duly authorized attorney, officer, or corporate representative, and must be accompanied by the original power of attorney or document whereby the duly authorized officer or corporate representative derives their power, as the case may be, or a notarially certified copy thereof. The Chairman of the Meeting has discretionary authority to accept proxies that do not strictly conform to the foregoing requirements.

**In addition to revocation in any other manner permitted by law, a shareholder may revoke a proxy by**

- (a) signing a proxy bearing a later date and depositing it at the place and within the time aforesaid,**
- (b) signing and dating a written notice of revocation (in the same manner as the instrument of proxy is required to be executed as set out in the notes to the instrument of proxy) and either depositing it at the place and within the time aforesaid or with the Chairman of the Meeting on the day of the Meeting or on the day of any adjournment(s) or postponement(s) thereof, or**
- (c) registering with the scrutineer at the Meeting as a registered shareholder present in person, whereupon such proxy shall be deemed to have been revoked.**

## VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES

On any poll, the persons named as proxyholder in the enclosed instrument of proxy will vote the shares in respect of which they are appointed and, where directions are given by the shareholder in respect of voting for or against any resolution, will do so in accordance with such direction.

**In the absence of any direction in the instrument of proxy, it is intended that such shares will be voted in favour of the resolutions placed before the Meeting by management and for the election of the management nominees for directors and auditor, as stated under the headings in this Information Circular.** The instrument of proxy enclosed, when properly completed and deposited, confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting and with respect to any other matters that may be properly brought before the Meeting. At the time of printing of this Information Circular, the management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any such amendments, variations or other matters should properly come before the Meeting, the proxies hereby solicited will be voted thereon in accordance with the best judgement of the nominee.

### ADVICE TO BENEFICIAL HOLDERS OF SHARES

The following information is of significant importance to shareholders who do not hold shares in their own name. Beneficial shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of shares).

If 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 the shareholder's name on the records of the Company. Such shares will most likely be registered under the names 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 The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms), and in the United States, under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks).

Intermediaries are required to seek voting instructions from beneficial shareholders in advance of shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients. There are two kinds of beneficial owners - those who object to their name 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 the event that voting instructions are requested from OBOs or NOBOs, such instructions will typically be sought by the shareholder receiving a voting instruction form. If a form of voting instruction form is supplied to you by your broker, it will be similar to the proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada and the United States. Broadridge obtains voting instructions by mailing a voting instruction form (the "**Broadridge VIF**") which appoints the same persons as the Company's proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a shareholder of the Company), other than the persons designated in the Broadridge VIF, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the Broadridge VIF. The completed Broadridge VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting.

If you plan to vote in person at the Meeting:

- nominate yourself as the appointee to attend and vote at the Meeting by printing your name in the space provided on the enclosed voting instruction form. Your vote will be counted at the Meeting so do NOT complete the voting instructions on the form;
- sign and return the form, following the instructions provided by your nominee; and

- register with the Scrutineer when you arrive at the Meeting.

You may also nominate yourself as appointee online, if available, by typing your name in the “Appointee” section on the electronic ballot.

If you bring your voting instruction form to the Meeting, your vote will not count. Your vote can only be counted if you have completed, signed and returned your voting instruction form in accordance with the instructions above and attend the Meeting and vote in person.

### NOTICE AND ACCESS

The Company has elected to use the “notice-and-access” provisions under National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (the “**Notice-and-Access Provisions**”) for the Meeting. The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators intended to reduce the volume of materials which are mailed to shareholders by allowing a reporting issuer to post proxy-related materials in respect of a meeting of its shareholders online.

The Company will not use procedures known as “stratification” in relation to the use of the Notice-and-Access Provisions, meaning that both registered shareholders and Beneficial Shareholders will be mailed a notification of availability of Meeting materials directing them to those websites where they can access the Information Circular and other relevant information (the “**Notice-and-Access Notification**”). If you receive the Notice-and-Access Notification and would like to receive a paper copy of the Information Circular and the financial statements of the Company to be approved at the Meeting and the management’s discussion and analysis related to those financial statements (the “**Financial Statements**”), please follow the instructions printed on the Notice-and-Access Notification and the materials will be mailed to you at the Company’s expense.

The Company anticipates that notice-and-access will directly benefit the Company through substantial reductions in postage and printing costs. The Company believes that notice-and-access is more environmentally responsible to the extent that it reduces the large volume of paper documents generated by printing proxy-related materials.

Shareholders with questions about notice-and-access can call Endeavor Trust Corporation toll free at 1 888 787 0888.

The Meeting materials have been posted on the Company’s website at [www.firsthelium.com](http://www.firsthelium.com) and on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) under the Company’s profile at [www.sedar.com](http://www.sedar.com). In order to receive a paper copy of this Information Circular and the Financial Statements, requests by shareholders may be made up to one year from the date the Information Circular is posted on the Company’s website by email to Endeavor Trust Corporation at [proxy@EndeavorTrust.com](mailto:proxy@EndeavorTrust.com) or by calling toll-free at 1-888-787-0888.

To ensure that a paper copy of the Information Circular can be delivered to a requesting shareholder in time for such shareholder to receive and review the Information Circular and return the completed instrument of proxy or voting instruction form prior to the deadline of at least 48 hours before the time of the Meeting or any adjournment(s) or postponement(s) thereof, excluding Saturdays, Sundays and holidays as set out under the heading “Appointment and Revocation of Proxies” in this Information Circular, it is strongly suggested that a shareholder’s request is received **no later than October 26, 2022**. The Information Circular will be sent to such shareholders within three business days of their request if such requests are made before the Meeting. Following the Meeting, the Information Circular will be sent to such shareholders within ten days of their request.

Those registered shareholders and Beneficial Shareholders with existing instructions on their account to receive printed materials will receive a printed copy of the Meeting materials.

Beneficial shareholders who are OBOs will not receive the Notice and Access Notification or the proxy materials unless their intermediary assumes the costs of delivery.

### VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

On September 19, 2022, 74,867,353 common shares without par value were issued and outstanding, each share carrying the right to one vote. At a general meeting of the Company, on a show of hands, every shareholder present in person has one vote and, on a poll, every shareholder has one vote for each share of which he/she is the holder.

Only shareholders of record at the close of business on September 19, 2022, will be entitled to have their shares voted at the Meeting or any adjournment thereof.

To the knowledge of the directors and executive officers of the Company, no person beneficially owns or controls or directs, directly or indirectly, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company.

#### **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 Company, no proposed nominee for election as a director of the Company, none of the persons who have been directors or executive officers of the Company since the commencement of the Company'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 the auditor and the approval of the New Option Plan (as defined below).

#### **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.

Other than as disclosed elsewhere in this Information Circular, 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 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 or any of its subsidiaries.

#### **MANAGEMENT CONTRACTS**

Other than as described herein, management functions of the Company or any subsidiary of the Company are not, to any substantial degree, performed by a person other than the directors or executive officers of the Company or its subsidiaries. See "*Statement of Executive Compensation – Employment, Consulting and Management Agreements*".

#### **STATEMENT OF EXECUTIVE COMPENSATION**

In this section, "Named Executive Officer" or "NEO" means (a) the chief executive officer ("CEO"), (b) the chief financial officer ("CFO"), (c) the most highly compensated executive officer of the Company, and its subsidiaries, 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, as determined in accordance with subsection 1.3(5) of Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*, for that financial year; and (d) each individual who would be a Named Executive Officer under (c) but for the fact that the individual was not an executive officer of the Company and was not acting in a similar capacity, at the end of that financial year.

In this section, "compensation securities" includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or

issued by the Company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

During the Company's financial year ended March 31, 2022, the following individuals were the Named Executive Officers of the Company:

- Edward Bereznicki, the President, CEO and a director of the Company; and
- Robert Scott, the CFO and a director of the Company;

#### Director and Named Executive Officer Compensation, Excluding Compensation Securities

Particulars of compensation, excluding compensation securities, paid by the Company or a subsidiary of the Company to each NEO and director in the two most recently completed financial years is set out in the table below:

Name and position	Year ending	Salary, consulting fee, retainer or commission (CAD \$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Ed Bereznicki</b> President, CEO, Director <sup>(1)</sup>	03/31/22	175,500	Nil	Nil	Nil	Nil	175,500 <sup>(2)</sup>
	03/31/21	122,000	Nil	Nil	Nil	Nil	122,000 <sup>(2)</sup>
<b>Robert Scott</b> CFO and Director	03/31/22	51,000	Nil	Nil	Nil	Nil	51,000 <sup>(3)</sup>
	03/31/21	Nil	Nil	Nil	Nil	Nil	Nil <sup>(3)</sup>
<b>Calvin R. Watson</b> Director <sup>(4)</sup>	03/31/22	11,225	Nil	Nil	Nil	Nil	11,225 <sup>(5)</sup>
	03/31/21	33,400	Nil	Nil	Nil	Nil	33,400 <sup>(5)</sup>
<b>Todd Holmstrom</b> Director <sup>(6)</sup>	03/31/22	11,475	Nil	Nil	Nil	Nil	11,475 <sup>(7)</sup>
	03/31/21	61,350	Nil	Nil	Nil	Nil	61,350 <sup>(7)</sup>

(1) Mr. Bereznicki was appointed the President and CEO of the Company on August 10, 2020 and has been a director of the Company since April 15, 2021.

(2) See "*Employment, Consulting and Management Agreements*".

(3) See "*Employment, Consulting and Management Agreements*". Starting October 1, 2021, the Company paid \$8,500 per month to GSBC Financial Management Inc.; a company wholly controlled by Mr. Scott to provide services as CFO of the Company.

(4) Mr. Watson was appointed a director of the Company on August 10, 2020.

(5) Amount reflects director fees paid to Nobilis Energy Consulting Ltd.; a company wholly controlled by Mr. Watson.

(6) Mr. Holmstrom was appointed a director of the Company on August 10, 2020.

(7) Amount reflects director fees paid to Mr. Holmstrom.

#### Stock Options and Other Compensation Securities

Particulars of compensation securities granted or issued to each NEO and director by the Company or a subsidiary of the Company in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries is set out in the table below:

COMPENSATION SECURITIES							
Name and Position	Type of compensation security <sup>(1)</sup>	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date (\$)
<b>Ed Bereznicki</b> President, CEO and Director	Stock Options	1,150,000 1.61%	27/05/2021	\$0.35	Nil	\$0.76	27/05/2026
<b>Robert Scott</b> CFO and Director	Stock Options	900,000 1.26%	27/05/2021	\$0.35	Nil	\$0.76	27/05/2026
<b>Calvin R. Watson</b> Director	Stock Options	200,000 0.28%	27/05/2021	\$0.35	Nil	\$0.76	27/05/2026
<b>Todd Holmstrom</b> Director	Stock Options	200,000 0.28%	27/05/2021	\$0.35	Nil	\$0.76	27/05/2026

(1) On May 27, 2021, stock options were granted to specific NEOs. The stock options have a five-year expiration at an exercise price of \$0.35. The common shares in the capital of the Company commenced trading on the TSX Venture Exchange on July 12, 2021.

At the end of the most recently completed financial year, the Company's NEOs and directors held the stock options set forth in the table below.

Name and Position	Type of compensation Security <sup>(1)</sup>	Number of compensation securities, number of underlying securities	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant <sup>(1)</sup> (\$)	Closing price of security or underlying security at year end (\$)	Expiry date (\$)
<b>Ed Bereznicki</b> President, CEO and Director	Stock Options	1,150,000 <sup>(2)</sup>	27/05/2021	\$0.35	Nil	\$0.76	27/05/2026
<b>Robert Scott</b> CFO and Director	Stock Options	900,000 <sup>(2)</sup>	27/05/2021	\$0.35	Nil	\$0.76	27/05/2026
<b>Calvin R. Watson</b> Director	Stock Options	200,000 <sup>(2)</sup>	27/05/2021	\$0.35	Nil	\$0.76	27/05/2026
<b>Todd Holmstrom</b> Director	Stock Options	200,000 <sup>(2)</sup>	27/05/2021	\$0.35	Nil	\$0.76	27/05/2026

(1) On May 27, 2021, stock options were granted to specific NEOs. The stock options have a five-year expiration at an exercise price of \$0.35. The common shares in the capital of the Company commenced trading on the TSX Venture Exchanger on July 12, 2021.

(2) 25% of the stock options vested on the grant date, an additional 25% of the stock options vested on May 27, 2022, an additional 25% of the stock options will vest on May 27, 2023 and the final 25% of the stock options will vest on May 27, 2024.

As at the financial year ended March 31, 2022, there were no other compensation securities held by any director or NEO, except as disclosed in the table above.

No compensation securities were re-priced, cancelled or replaced, extended or otherwise materially modified during the most recently completed financial year.

### Exercise of Compensation Securities by Directors and NEOs

Particulars of compensation securities exercised by each NEO and director in the most recently completed financial year is set out in the table below:

Name and Position	Type of compensation Security <sup>(1)</sup>	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise (\$)	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
<b>Ed Bereznicki</b> President, CEO and Director	Stock Options	N/A	N/A	N/A	N/A	N/A	N/A
<b>Robert Scott</b> CFO and Director	Stock Options	N/A	N/A	N/A	N/A	N/A	N/A
<b>Calvin R. Watson</b> Director	Stock Options	N/A	N/A	N/A	N/A	N/A	N/A
<b>Todd Holmstrom</b> Director	Stock Options	N/A	N/A	N/A	N/A	N/A	N/A

(1) On May 27, 2021, stock options were granted to specific NEOs. The stock options have a five-year expiration at an exercise price of \$0.35.

### Stock Option Plans and Other Incentive Plans

#### *Stock Option Plan*

The Company adopted a 10% rolling stock option plan dated April 15, 2021 (the “**Stock Option Plan**”) in accordance with the policies of the TSX Venture Exchange (the “**Exchange**”), which provides that the Board may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options, which are exercisable for a period of up to ten years (subject to an extension if the expiry date occurs during a black-out period), to purchase up to 10% of the issued and outstanding common shares in the capital of the Company. The Company currently has no equity compensation plans other than the Stock Option Plan. The Stock Option Plan is intended to reinforce commitment to long-term growth in profitability and shareholder value. The size of stock option grants to officers is dependent on each officer’s level of responsibility, authority and importance to the Company and the degree to which such executive officer’s long-term contribution to the Company will be key to its long-term success. Previous grants of stock options are taken into account when considering new grants. The Stock Option Plan was approved by the shareholders of the Company at the Company’s annual general meeting that was held on December 16, 2021. The Board of Directors of the Company (the “**Board**”) approved the adoption of the New Option Plan (as defined below) on September 12, 2022 subject to the approval of the Shareholders and the final acceptance of Exchange, as a result of changes made to the policies of the Exchange regarding security based compensation plans. See “*Particulars of Matters to be Acted Upon – Approval of New Stock Option Plan*” for further details.

## **External Management Companies**

See “*Employment, Consulting and Management Agreements*” for a description of the consulting agreement between the Company and Ed Bereznicki and Robert Scott.

Effective August 1, 2017, the Company entered into an unwritten accounting and compliance services agreement with FT Management. FT Management provides the accounting services to the Company and Jeffrey Dare as Corporate Secretary to the Company; and for accounting and corporate compliance services, the Company pays a monthly fee of \$9,500.

## **Employment, Consulting and Management Agreements**

Other than as disclosed elsewhere in this Information Circular and below, no services were provided to the Company during the most recently completed financial year by a director or Named Executive Officer, or any other party who provided services typically provided by a director or Named Executive Officer, pursuant to any employment, consulting or management agreement between the Company and any other party, and the Company has no agreement or arrangement with any director, Named Executive Officer or any other party with respect to any change of control of the Company or any severance, termination or constructive dismissal of any director, Named Executive Officer or any other party, or any incremental payments triggered by any such change of control, severance, termination or constructive dismissal.

### **Consulting Agreement with Edward Bereznicki**

Effective September 1, 2020, the Company entered into a consulting agreement with Edward Bereznicki (the “**Bereznicki Agreement**”) as CEO of the Company. Pursuant to the consulting agreement, the Company currently pays Mr. Bereznicki a maximum monthly fee of \$15,000, based on a rate of \$750 per day. Mr. Bereznicki will also be reimbursed for any direct out-of-pocket expenses reasonably incurred in connection with the provision of his services.

### **Consulting Agreement with GSBC Financial Management Inc.**

Effective October 1, 2021, the Company entered into a consulting agreement with GSBC Financial Management Inc. to provide the services of Robert Scott as CFO of the Company. Pursuant to the consulting agreement, the Company pays GSBC Financial Management a monthly fee of \$8,500.

## **Oversight and Description of Director and Named Executive Officer Compensation**

Compensation of the Company’s Named Executive Officers and directors is determined by the full Board. Based on the recommendations of the Compensation/Human Resources Committee. Compensation is determined based on factors considered relevant and appropriate, including the level of service provided, the background and expertise of the individual director or NEO, amounts paid by other companies in similar industries at similar stages of development and compensation levels necessary to attract, retain and develop management of a high caliber. Compensation is typically reviewed annually by the Board, usually in the first fiscal quarter, but may also be reviewed on an ad hoc basis as the need arises.

The Company’s compensation structure has two primary components, cash compensation and share-based compensation in the form of incentive stock options. Cash compensation has two components, base salary/consulting fees and bonuses. For the Company’s financial year ended March 31, 2022, the significant element of compensation paid to Ed Bereznicki was consulting fees paid pursuant to the Bereznicki Agreement. Robert Scott received consulting fees starting October 2021 as compensation from the Company.

The Company regards the strategic use of incentive stock options as a significant component of its compensation structure. In evaluating option grants issues, the Board evaluates a number of factors including, but not limited to: (i) the number of options already held by or issued to an individual; (ii) a fair balance between the number of options held by or issued to an individual and those held by or issued to other directors or officers, in light of their responsibilities and objectives; and (iii) the value of the options (generally determined using a Black- Scholes analysis) as a component of the individual’s overall compensation.

No significant events occurred during the most recently completed financial year that significantly affected compensation. While the Board considers amounts paid by other companies in similar industries at similar stages of development in determining compensation, no specifically selected peer group has been identified as a comparable. No significant changes were made to the Company's compensation policies since the commencement of the most recently completed financial year.

### **Pension Disclosure**

Neither the Company nor any of its subsidiaries currently has a pension benefits arrangement under which the Company or any of its subsidiaries has made payments to the directors or Named Executive Officers of the Company during its financial year ended March 31, 2022 or intends to make payments to the Company's directors or Named Executive Officers upon their retirement (other than the payments made, if any, pursuant to the Canada Pension Plan or any government plan similar to it).

## **CORPORATE GOVERNANCE**

### **General**

"Corporate Governance" refers to the process and structure used to direct and manage the business and affairs of a corporation. The objective is to enhance shareholder value, including ensuring the financial viability of the business. Corporate governance processes and structures define the division of power among the shareholders, the board of directors and management, and establish ways to ensure accountability. They also take into account how the direction and management of the business will affect other stakeholders such as employees, customers, suppliers and communities.

The Canadian Securities Administrators have adopted National Policy - 58-201 *Corporate Governance Guidelines* ("NP 58-201") and National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101").

NP 58-201 sets forth a set of guidelines or "best practices" for reporting issuers to consider when evaluating their own corporate governance practices. Recognizing that not all of the guidelines set forth in NP 58-201 will be appropriate for all companies, full implementation of the guidelines is not mandated by either NP 58-201 or the Exchange. NI 58-101 mandates the disclosure of the corporate governance practices actually implemented by a reporting issuer, in certain prescribed disclosure documents.

As the business of the Company is straightforward, the Company is at an early stage of development and its Board is relatively small, the Company's corporate governance practices are at an early stage of evolution. The following describes the Company's approach to corporate governance, in compliance with NI 58-101.

### **Board of Directors**

The Board consists of a total of four directors, Ed Bereznicki, Robert Scott, Calvin R. Watson and Todd Holmstrom. Ed Bereznicki, President and Chief Executive Officer, and Robert Scott, Chief Financial Officer, are not independent directors of the Company. The other two directors are independent.

### **Directorships**

The following table sets out details of directorships in other public issuers, held by each of the current directors standing for re-election:

<b>Director</b>	<b>Other Reporting Issuer(s)</b>
Ed Bereznicki	-
Robert Scott	Mongolia Growth Group Ltd., Sherpa II Holdings Corp.
Calvin R. Watson	-

Director	Other Reporting Issuer(s)
Todd Holmstrom	-

### Orientation and Continuing Education

The Company does not have a formal process of orientation for new Board members. However, the Company does orient and educate new Board members by providing background information, conducting personal meetings and responding to questions during the early stages of a new Board member's involvement with the Company.

The Company does not have a formal process of continuing education for directors. Generally, the Company expects that existing and new Board members will have a familiarity with the business of mineral exploration and development. Professional advisors may be invited to attend Board meetings, as needed. The Company also relies on the relatively straightforward nature of its business and the established qualifications and expertise of its Board members.

### Ethical Business Conduct

The Board has adopted a Business Conduct & Ethics policy (the "Code") and views good corporate governance as an integral component to the success of the Company. In addition to promoting the Code, the Board encourages a culture of ethical business conduct by performing appropriate due diligence on proposed directors and ensuring that proposed directors are of the highest ethical standards.

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

The Code has been filed on SEDAR and is available under the Company's profile at [www.SEDAR.com](http://www.SEDAR.com).

### Nomination of Directors

The Board does not have a Nominating Committee to identify new candidates for Board nomination. Potential candidates for appointment to the Board are considered by the Board as a whole, in reliance on the recommendations, qualifications and experience of its members. Nominees are interviewed by the Board and are asked to join the Board where consensus regarding the nominee is obtained. The Board recognizes that, in accordance with good corporate governance practices, it is desirable to appoint additional members who are independent and gives weight to this consideration in its Board appointments.

### Compensation

A Compensation/Human Resources Committee has been established by the Board, the current members of which are Todd Holmstrom (Chairman), Edward Bereznicki and Calvin R. Watson, of which Messrs. Holmstrom and Watson are independent within the meaning of NI 52-110.

The Compensation/Human Resources Committee of the Board of Directors of the Company was formed to conduct annual reviews of the compensation of directors, the CEO and other senior executives and consultants. While the Board considers amounts paid by other companies in similar industries at similar stages of development in determining compensation, no specifically selected peer group has been identified as a comparable. See "Statement of Executive Compensation".

### Other Board Committees

The Board has established a Governance/ESG/Occupation Health & Safety Committee, the current members of which are Calvin R. Watson (Chairman), Edward Bereznicki, Todd Holmstrom and Robert Scott.

The Governance/ESG/Occupation Health & Safety Committee was formed to oversee the development and regularly assess the Company's approach to corporate governance issues and to ensure that such approach supports the effective functioning of the Company with the shareholders' best interests in mind, as well as to foresee the effective

communication between the Board and Company management. The Governance/ESG/Occupation Health & Safety Committee may also recommend to the Board candidates for appointment to the Board.

The Board has also established a Reserves Committee, the current members of which are Calvin R. Watson (Chairman) and Todd Holmstrom.

The Reserves Committee was formed to act on behalf of the Board in fulfilling the Board's oversight responsibilities with respect to evaluating and reporting on the Company's helium reserves. The Reserves Committee is also responsible for programs dealing with oil and gas reserves and resources matters, including reserves and resources definitions, terms, recommended practices, and standards. The committee disseminates reserves and resources information to other organizations, agencies, and companies involved in reserves matters, including cooperation with other committees and organizations in development and delivery of relevant training courses.

### Assessments

The Board has no specific procedures for regularly assessing the effectiveness and contribution of the Board, its committees or individual directors. As the business of the Company is relatively straightforward and its Board relatively small, it is expected that a significant lack of performance on the part of a committee or individual director would become readily apparent and could be dealt with on a case-by-case basis. With respect to the Board as a whole, the Board monitors its performance on an ongoing basis, and as part of that process considers the overall performance of the Company and input from its shareholders.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth details of the Company's compensation plans under which equity securities of the Company are authorized for issuance at the end of the Company's most recently completed financial year.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by securityholders	6,037,500	\$0.35	1,114,197
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	6,037,500	\$0.35	1,114,197

Note: Based on 71,516,973 common shares of the Company issued and outstanding as at March 31, 2022. The maximum aggregate number of common shares that may be reserved for issuance under the Plan is equal to 10% of the issued and outstanding common shares at the time of the option grant.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No current or former executive officer, director or employee of the Company, proposed nominee for election as a director of the Company, or associate of any such person has been indebted to the Company or its subsidiaries at any time since the commencement of the Company's last completed financial year. No guarantee, support agreement, letter of credit or other similar arrangement or understanding has been provided by the Company or its subsidiaries at any time since the beginning of the most recently completed financial year with respect to any indebtedness of any such person.

## AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 of the Canadian Securities Administrators ("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 in the following.

### **Audit Committee Charter**

The Company's Audit Committee is governed by an Audit Committee Charter. A copy of the Audit Committee Charter is attached as Schedule "A" to this Information Circular.

### **Composition of the Audit Committee**

The Company's Audit Committee is comprised of three directors, Ed Bereznicki, Todd Holmstrom (Chairman) and Calvin R. Watson. As defined in NI 52-110, a majority of the members of the Audit Committee are "independent". Also as defined in NI 52-110, all of the Audit Committee members are "financially literate". The experience of the Audit Committee members is set forth in the following.

### **Relevant Education and Experience**

#### *Edward Bereznicki, President, CEO and Director*

Mr. Bereznicki holds a B.Sc. in civil engineering from the University of Alberta, Canada. He also holds a Master of Business Administration (MBA) degree from the Ivey School of business at Western University. Mr. Bereznicki has 15 years of corporate finance, capital markets and financial advisory expertise as a senior energy investment banker with Raymond James Ltd. and Griffiths McBurney & Partners. He is also a seasoned energy executive with over 14 years of exploration and production, projects, operations, risk management and pipeline transmission experience, both domestically and internationally. Mr. Bereznicki served as a director of Athabasca Minerals Inc. from October 2013 to August 2015 and was a member of the audit committee during 2014 and 2015. He is also a Life Member of the Association of Professional Engineers and Geoscientists of Alberta. Mr. Bereznicki has helped raise over \$20 billion of equity and convertible debt for the energy sector, including successful start-ups and initial public offerings, with over 30 successful merger and acquisition transactions totaling more than \$4.5 billion in value.

#### *Todd Holmstrom, Director*

Mr. Holmstrom holds a B.Sc. in mechanical engineering and has attended executive leadership programs at Ivey School of Business and the University of North Carolina – Flagler School of Business. Mr. Holmstrom has over 33 years in leadership roles in the oil and gas, mining, wireless communications and medical devices industry. Mr. Holmstrom was the President of a \$200 million company (Lockerbie & Hole Inc., a division of AECON) from February 2011 to October 2013 and Vice president in two \$1 billion operating companies, Flint Energy Services Ltd. from October 2004 to January 2010 and Stuart Olson Inc. from February 2016 to September 2019. He has extensive experience developing business strategies and leading the successful execution of \$1 billion engineering, procurement, and construction projects worldwide.

#### *Calvin R. Watson, Director*

Mr. Watson graduated from the University of Saskatchewan with a Bachelor of Science in Engineering degree. Mr. Watson has over 35 years of experience in the oil and gas industry and has held multiple roles in operations, production, reservoir engineering, gas marketing and business development. Mr. Watson was the Central and Southern Plains Exploitation Manager for Anderson Exploration/Devon Canada Corp., an affiliate of Devon Canada Corporation ("**Devon Canada**"), from May 2000 to May 2004. Mr. Watson was the Foothills Region Exploitation Manager for Devon Canada from May 2004 to May 2008 in charge of reservoir engineering and business development for foothills region. Mr. Watson was Operations Manager, Thermal Operations of Devon Canada from May 2008 to September 2009 responsible for stabilizing thermal performance at Jackfish 1 and was General Manager of Thermal of Devon Canada from September 2009 to June 2010 responsible for operations, business development, production and reservoir engineering for Devon Canada's Jackfish 1 and 2 steam-assisted gravity drainage facility and responsible for Devon's corporate reserves. He has acted as Vice-President of Devon Canada from June 2010 to January 2015, with an annual operating expenses budget of \$1.2 billion.

As a result of their respective business experience, each member of the audit committee (i) has an understanding of the accounting principles used by the Company to prepare its financial statements, (ii) has the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves, (iii) has experience in analyzing and evaluating financial statements that present a breadth and level of

complexity of accounting issues that are generally comparable to that that can reasonably be expected to be raised by the Company's financial statements, and (iv) has an understanding of internal controls and procedures for financial reporting.

### **Audit Committee Oversight**

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

### **Reliance on Certain Exemptions**

Since the commencement of the Company's most recently completed financial year, the Company has not 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**

No specific policies or procedures have been adopted with respect to the provision of non-audit services by the Company's external auditor although, under the Company's Audit Committee Charter, such services are required to be approved by the Audit Committee.

### **External Auditor Service Fees (By Category)**

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company'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 Company'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 Company by its auditor in each of the last two fiscal years, by category, are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
March 31, 2022	\$75,000	Nil	\$3,800	Nil
March 31, 2021	\$43,000	Nil	\$1,800	\$32,500

(1) Fees incurred for the preparation and filing of tax returns.

### **Exemption in Section 6.1**

The Company is relying on the exemption provided by section 6.1 of NI 52-110, which provides that the Company, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **Election of Directors**

The Board presently consists of four (4) directors and the Board intends to determine that the number of directors at four (4) and to elect four (4) directors for the ensuing year, subject to such increase as may be permitted by the articles of the Company.

Each director of the Company is elected annually and holds office until the next Annual General Meeting of the shareholders unless that person ceases to be a director before then. In the absence of instructions to the contrary, the shares represented by proxy will, on a poll, 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 following table sets out the names of the persons nominated for election as directors, the province or state and country in which each is ordinarily resident, the positions and offices which they presently hold with the Company, their respective principal occupations or employment during the past five years if such nominee is not presently an elected

director and the number of shares of the Company which each beneficially owns, or controls or directs, directly or indirectly, as of the date of this Information Circular:

Name of Nominee, Residence and Present Positions Held	Principal Occupation	Director Since	Number of Shares Beneficially Owned, Controlled or Directed
<b>Edward Bereznicki</b> <sup>(1) (2)</sup> Alberta, Canada Director, President & CEO	Mr. Bereznicki was an advisor and CEO of Freedom Cannabis Inc., a private seed to sell cannabis company, from April 2018 to October 2019; independent businessman, advisor and investor to start-up oil and gas companies from August 2015 to March 2018.	04/15/2021	770,535
<b>Robert J. Scott</b> <sup>(2)</sup> British Columbia, Canada Director & CFO	Mr. Scott is a CPA, CA, and CFA Charter holder with more than 20 years of professional experience. He is the Founder and President of Corex Management Inc., a private company which, for the past 15 years, has provided accounting, administration, and corporate compliance services to privately held and publicly traded companies.	01/23/2017	1,777,029
<b>Todd Holmstrom</b> <sup>(1)(2)(3)</sup> Alberta, Canada Director	Mr. Holmstrom has been a consultant with WaterStrider Treatment Inc., a water treatment technology company, from January 2021 to present; consultant for the Company from January 2020 to February 2020; and Vice President Construction at Stuart Olson Inc., a construction services company, from February 2016 to September 2019.	08/10/2020	250,000
<b>Calvin R. Watson</b> <sup>(1)(2)(3)</sup> Alberta, Canada Director	Mr. Watson has been the President and CEO at Nobilis Energy Consulting Ltd., a management consulting company, from January 2016 to present.	08/10/2020	375,535

1. Members of Audit Committee and Compensation/Human Resources Committee
2. Members of Governance/ESG/Occupation Health & Safety Committee
3. Members of Reserves Committee

The terms of office of those nominees who are presently directors will expire as of the date of the Meeting. All of the directors who are elected at the Meeting will have their term of office expire at the next Annual General Meeting of the Company, unless terminated earlier.

Shareholders can vote for all of the proposed nominees, vote for some of the proposed nominees and withhold for others, or withhold votes for all 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 Company.**

No proposed director of the Company is, or within the 10 years before the date of this Information Circular has been, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) 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
- (b) 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 of director, chief executive officer or chief financial officer

For the purposes of the preceding paragraph, “order” means 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, and which, in each case, was in effect for a period of more than 30 consecutive days.

Except as set out below, no proposed director of the Company is, at the date of this Information Circular, or has been within the 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 one 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.

In July 2011, Mr. Bereznicki was appointed Executive VP and CFO of Lone Pine Resources Inc. (“LPR”) whose shares were listed on the New York Stock Exchange and Toronto Stock Exchange. In 2012, commodity prices fell and LPR began considering asset sale and restructuring options to deal with significant long term debt obligations. In February 2013, Mr. Bereznicki and the then CEO were relieved of their officer duties by LPR. In September 2013, LPR filed for protection under the *Companies’ Creditors Arrangement Act* (the “CCAA”). In January 2014, LPR reached an agreement with its creditors and was discharged from CCAA protection.

No proposed director of the Company or personal holding company of a proposed director 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.

No proposed director of the Company or personal holding company of a proposed director 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.

During the ten years preceding the date of this Information Circular, no proposed director has 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 that person.

The above information was provided by management of the Company.

### **Appointment of Auditor**

The shareholders will be asked to appoint Davidson & Company LLP, Chartered Accountants, of Suite 1200 – 609 Granville Street, Vancouver, British Columbia, V7Y 1G6, to serve as the auditor of the Company until the close of the next Annual General Meeting of the shareholders, and to authorize the directors to fix the auditor’s remuneration. Davidson & Company LLP was first appointed auditor of the Company on June 17, 2019.

### **Approval of New Stock Option Plan**

On November 24, 2021, the Exchange adopted a new Policy 4.4 – *Security Based Compensation* of the Exchange’s Corporate Finance Manual governing security-based compensation (“**New Policy 4.4**”). The changes to the policy generally relate to the expansion of the policy to cover a number of types of security-based compensation in addition to stock options. At the Meeting, Shareholders will be asked to approve the adoption of a New 10% rolling Stock Option Plan (the “New Option Plan”). The New Option Plan was approved by the Board on September 12, 2022 which shall become effective upon the receipt of approval of the Shareholders and the final acceptance of the Exchange (the “**Effective Date**”) and will replace the Stock Option Plan. All of the stock options outstanding under the Stock Option Plan (the “**Outstanding Options**”), currently being 6,025,000 stock options as at the date of this Information Circular, will remain outstanding and in full force and effect in accordance with their terms after the Effective Date. However, following the Effective Date, no additional grants shall be made pursuant to the Stock Option Plan, and the Stock Option Plan will terminate on the date upon which no Outstanding Options remain outstanding.

The purpose of the New Option Plan is to, among other things: (i) provide the Company with a mechanism to attract, retain and motivate qualified directors, officers, employees and consultants of the Company and its subsidiaries; (ii) reward directors, officers, employees and consultants that have been granted stock options (each, an “**Option**”) under

the New Option Plan for their contributions toward the long-term goals and success of the Company; and (iii) enable and encourage such directors, officers, employees and consultants to acquire Shares of the Company as long-term investments and proprietary interests in the Company. The approval of the New Option Plan by the Board is subject to approval by the Shareholders and to the final acceptance of the Exchange.

A summary of certain provisions of the New Option Plan is set out below, and a full copy of the New Option Plan is attached hereto as Schedule “B”. This summary is qualified in its entirety to the full copy of the New Option Plan.

### **Summary of the New Option Plan**

#### *Eligibility*

The New Option Plan allows the Company to grant Options to attract, retain and motivate qualified directors, officers, employees and consultants of the Company and its subsidiaries (collectively, the “**Option Plan Participants**”).

#### *Number of Shares Issuable*

The aggregate number of Common Shares that may be issued to Option Plan Participants under the New Option Plan will be that number of Shares equal to 10% of the issued and outstanding Shares on the particular date of grant of the Option, inclusive of the Outstanding Options.

#### *Limits on Participation*

The New Option Plan provides for the following limits on grants, for so long as the Company is subject to the requirements of the Exchange, unless disinterested Shareholder approval is obtained or unless permitted otherwise pursuant to the policies of the Exchange:

- (i) the maximum number of Shares that may be issued to any one Option Plan Participant (and where permitted pursuant to the policies of the Exchange, any company that is wholly-owned by the Option Plan Participant) under the New Option Plan, together with any other security based compensation arrangements, within a 12-month period, may not exceed 5% of the issued Shares calculated on the date of grant;
- (ii) the maximum number of Shares that may be issued to insiders collectively under the New Option Plan, together with any other security based compensation arrangements, within a 12-month period, may not exceed 10% of the issued Shares calculated on the date of grant; and
- (iii) the maximum number of Shares that may be issued to insiders collectively under the New Option Plan, together with any other security based compensation arrangements, may not exceed 10% of the issued Shares at any time.

For so long as such limitation is required by the Exchange, the maximum number of Options which may be granted within any 12- month period to Option Plan Participants who perform investor relations activities must not exceed 2% of the issued and outstanding Shares, and such Options must vest in stages over 12 months with no more than 25% vesting in any three-month period. In addition, the maximum number of Shares that may be granted to any one consultant under the New Option Plan, together with any other security-based compensation arrangements, within a 12-month period, may not exceed 2% of the issued Shares calculated on the date of grant.

#### *Administration*

The plan administrator of the New Option Plan (the “**Option Plan Administrator**”) will be the Board or a committee of the Board, if delegated. The Option Plan Administrator will, among other things, determine which directors, officers, employees or consultants are eligible to receive Options under the New Option Plan; determine conditions under which Options may be granted, vested or exercised, including the expiry date, exercise price and vesting schedule of the Options; establish the form of option certificate (“**Option Certificate**”); interpret the New Option Plan; and make all other determinations and take all other actions necessary or advisable for the implementation and administration of the New Option Plan.

Subject to any required regulatory or shareholder approvals, the Option Plan Administrator may also, from time to time, without notice to or without approval of the Shareholders or the Option Plan Participants, amend, modify, change, suspend or terminate the Options granted pursuant thereto as it, in its discretion, determines appropriate, provided that no such amendment, modification, change, suspension or termination of the New Option Plan or any Option granted pursuant thereto may materially impair any rights of an Option Plan Participant or materially increase any obligations of an Option Plan Participant under the New Option Plan without the consent of such Option Plan Participant, unless the Option Plan Administrator determines such adjustment is required or desirable in order to comply with any applicable securities laws or stock exchange requirements or as otherwise permitted pursuant to the New Option Plan.

All of the Options are subject to the conditions, limitations, restrictions, vesting, exercise and forfeiture provisions determined by the Option Plan Administrator, in its sole discretion, subject to such limitations provided in the New Option Plan, and will be evidenced by an Option Certificate. In addition, subject to the limitations provided in the New Option Plan and in accordance with applicable law, the Option Plan Administrator may accelerate the vesting of Options, cancel or modify outstanding Options and waive any condition imposed with respect to Options or Shares issued pursuant to Options.

#### *Exercise of Options*

Options shall be exercisable as determined by the Option Plan Administrator at the time of grant, provided that no Option shall have a term exceeding 10 years so long as the Shares are listed on the Exchange.

Subject to all applicable regulatory rules, the vesting schedule for an Option, if any, shall be determined by the Option Plan Administrator. The Option Plan Administrator may elect, at any time, to accelerate the vesting schedule of an Option, and such acceleration will not be considered an amendment to such Option and will not require the consent of the Option Plan Participant in question. However, no acceleration to the vesting schedule of an Option granted to an Option Plan Participant performing investor relations services may be made without prior acceptance of the Exchange.

The exercise price of an Option shall be determined by the Option Plan Administrator and cannot be lower than the greater of: (i) the minimum price required by the Exchange; and (ii) the market value of the Shares on the applicable grant date.

An Option Plan Participant may exercise the Options in whole or in part through any one of the following forms of consideration, subject to applicable laws, prior to the expiry date of such Options, as determined by the Option Plan Administrator:

- the Option Plan Participant may send a wire transfer, certified cheque or bank draft payable to the Company in an amount equal to the aggregate exercise price of the Shares being purchased pursuant to the exercise of the Options;
- subject to approval from the Option Plan Administrator and the Shares being traded on the Exchange, a brokerage firm may be engaged to loan money to the Option Plan Participant in order for the Option Plan Participant to exercise the Options to acquire the Shares, subsequent to which the brokerage firm shall sell a sufficient number of Shares to cover the exercise price of such Options to satisfy the loan. The brokerage firm shall receive an equivalent number of Shares from the exercise of the Options, and the Option Plan Participant shall receive the balance of the Shares or cash proceeds from the balance of such Shares; and
- subject to approval from the Option Plan Administrator and the Shares being traded on the Exchange, consideration may be paid by reducing the number of Shares otherwise issuable under the Options, in lieu of a cash payment to the Company, an Option Plan Participant, excluding those providing investor relations services, only receives the number of 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 Shares and the exercise price of the Options, by (ii) the volume-weighted average trading price of the Shares. The number of Shares delivered to the Option Plan Participant may be further reduced to satisfy applicable tax withholding obligations. The number of Options exercised, surrendered or converted, and not the number of Shares issued by the Issuer, must be included in calculating the number of Shares issuable under the New Option Plan and the limits on participation.

If an exercise date for an Option occurs during a trading black-out period imposed by the Company to restrict trades in its securities, then, notwithstanding any other provision of the New Option Plan, the Option shall be exercised no more than ten business days after the trading black-out period is lifted by the Company, subject to certain exceptions.

*Termination of Employment or Services and Change in Control*

The following describes the impact of certain events that may, unless otherwise determined by the Option Plan Administrator or as set forth in an Option Certificate, lead to the early expiry of Options granted under the New Option Plan.

Termination by the Company for cause:	Forfeiture of all unvested Options. The Option Plan Administrator may determine that all vested Options shall be forfeited, failing which all vested Options shall be exercised in accordance with the New Option Plan.
Voluntary resignation of an Option Plan Participant:	Forfeiture of all unvested Options. Exercise of vested Options in accordance with the New Option Plan.
Termination by the Company other than for cause:	Acceleration of vesting of a portion of unvested Options in accordance with a prescribed formula as set out in the New Option Plan. <sup>1</sup> Forfeiture of the remaining unvested Options. Exercise of vested Options in accordance with the New Option Plan.
Death or disability of an Option Plan Participant:	Acceleration of vesting of all unvested Options. <sup>1</sup> Exercise of vested Options in accordance with the New Option Plan.
Termination or voluntary resignation for good reason within 12 months of a change in control:	Acceleration of vesting of all unvested Options. <sup>1</sup> Exercise of vested Options in accordance with the New Option Plan.

Notes: (1) Any acceleration of vesting of unvested Options granted to an investor relations service provider is subject to the prior written approval of the Exchange.

Any Options granted to an Option Plan Participant under the New Option Plan shall terminate at a date no later than 12 months from the date such Option Plan Participant ceases to be an Option Plan Participant.

In the event of a triggering event, which includes a change in control, dissolution or winding-up of the Company, a material alteration of the capital structure of the Company and a disposition of substantially all of the Company's assets, the Option Plan Administrator may, without the consent of the Option Plan Participant, cause all or a portion of the Options granted to terminate upon the occurrence of such event.

*Amendment or Termination of the New Option Plan*

Subject to any necessary regulatory approvals, the New Option Plan may be suspended or terminated at any time by the Option Plan Administrator, provided that no such suspension or termination shall alter or impact any rights or obligations under an Option previously granted without the consent of the Option Plan Participant.

The following limitations apply to the New Option Plan and all Options thereunder as long as such limitations are required by the Exchange:

- any adjustment to Options, other than in connection with a security consolidation or security split, is subject to prior Exchange acceptance and the issuance of a news release by the Company outlining the terms thereof;
- any amendment to the New Option Plan is subject to prior Exchange acceptance, except for amendments to reduce the number of Shares issuable under the New Option Plan, to increase the exercise price of Options or to cancel Options;
- any amendments made to the New Option Plan shall require regulatory and Shareholder approval and the issuance of a news release by the Company outlining the terms thereof, except for amendments to: (i) fix typographical errors; and (ii) clarify existing provisions of the New Option Plan and which do not have the effect of altering the scope, nature and intent of such provisions; and
- the exercise price of an Option previously granted to an insider must not be reduced, or the extension of the expiry date of an Option held by an insider may not be extended, unless the Company has obtained disinterested shareholder approval to do so in accordance with Exchange policies.

Subject to the foregoing limitations and any necessary regulatory approvals, the Option Plan Administrator may amend any existing Options or the New Option Plan or the terms and conditions of any Option granted thereafter, although the Option Plan Administrator must obtain written consent of the Option Plan Participant (unless otherwise excepted out by a provision of the New Option Plan) where such amendment would materially decrease the rights or benefits accruing to an Option Plan Participant or materially increase the obligations of an Option Plan Participant.

#### *Company New Option Plan Resolution*

At the Meeting, the Shareholders of the Company will be asked to consider and approve an ordinary resolution, in substantially the following form, in order to approve the New Option 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”:**

- (a) subject to final acceptance of the TSX Venture Exchange (the “TSXV”), the Company’s new stock option plan, substantially in the form attached as Schedule “B” to the management information circular of First Helium Inc. (the “Company”) dated September 19, 2022, is hereby approved;
- (b) the directors of the Company or any committee of the board of directors of the Company are hereby authorized to grant stock options (each, an “Option”) pursuant to the New Option Plan to those eligible to receive Options thereunder;
- (c) 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’s opinion may be necessary to give effect to the matters contemplated by these resolutions; and
- (d) notwithstanding that this resolution be passed by the shareholders of the Company, the adoption of the proposed New Option Plan is conditional upon receipt of final approval of the TSXV, and 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.”

#### *Recommendation of the Board*

The Board has determined that the New Option Plan is in the best interests of the Company and the Shareholders and unanimously recommends that the Shareholders vote in favour of approving the New Option Plan. **In the absence of any contrary directions, it is the intention of management to vote proxies in the accompanying form FOR the foregoing resolution.**

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

#### **ADDITIONAL INFORMATION**

Additional Information concerning the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial Information concerning the Company is provided in the Company's comparative financial statements and Management's Discussion and Analysis for the financial year ended March 31, 2022.

Shareholders wishing to obtain a copy of the Company's financial statements and Management's Discussion and Analysis may contact the Company as follows:

Robert J. Scott, Chief Financial Officer  
550-800 W. Pender Street, Vancouver, British Columbia, Canada,  
V6E 4M3 Telephone: (778) 327-5799  
Fax: (778) 327-6675

#### **REQUEST FOR FINANCIAL STATEMENTS**

National Instrument 51-102 - *Continuous Disclosure Obligations* sets out the procedures for a shareholder to receive financial statements. If you wish to receive financial statements, you may use the enclosed form or provide instructions in any other written format. Registered shareholders must also provide written instructions in order to receive the financial statements.

#### **BOARD APPROVAL**

The contents of this Information Circular have been approved and its mailing has been authorized by the directors of the Company.

**DATED** at Vancouver, British Columbia, the 19<sup>th</sup> day of September 2022.

#### **ON BEHALF OF THE BOARD**

*"Ed Bereznicki"*

**Ed Bereznicki**  
President, Chief Executive Officer & Director

Schedule "A"

**FIRST HELIUM INC.**  
**(the "Company")**

**AUDIT COMMITTEE CHARTER**

*A. Purpose*

The overall purpose of the Audit Committee is to ensure that the Company's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements and related financial disclosure of the Company and to review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information. In performing its duties, the Audit Committee will maintain effective working relationships with the board of directors of the Company (the "**Board**"), management and the external auditors and will monitor the independence of such auditors. To perform his or her role effectively, each member of the Audit Committee will obtain an understanding of the responsibilities of the Audit Committee and the Company's business, its operations and related risks.

*B. Composition, Procedure, and Organization*

1. The Audit Committee shall consist of at least three members of the Board, and shall be in compliance with securities laws and stock exchange requirements.
2. All members of the Audit Committee shall be financially literate as defined in NI 52-110 or any successor policy.
3. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Audit Committee for the ensuing year. The Board may at any time remove or replace any member of the Audit Committee and may fill any vacancy in the Audit Committee.
4. Unless the Board has appointed a chair of the Audit Committee, the members of the Audit Committee shall elect a chair and a secretary from among their number.
5. The quorum for meetings shall be a majority of the members of the Audit Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
6. The Audit Committee shall have access to the Company's external auditors, officers and employees and to such information respecting the Company as it considers to be necessary or advisable for the Audit Committee to perform its duties and responsibilities.
7. Meetings of the Audit Committee shall be conducted as follows:
  - (a) the Audit Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Audit Committee;
  - (b) the external auditors or any member of the Audit Committee may request a meeting of the Audit Committee;
  - (c) the external auditors shall receive notice of and have the right to attend all meetings of the Audit Committee; and

- (d) management representatives may be invited to attend all meetings except for private sessions with the external auditors.

8. The external auditors shall have a direct line of communication to the Audit Committee through the chair of the Audit Committee and may bypass management if deemed necessary. The Audit Committee, through its chair, may contact directly any employee of the Company as it deems necessary, and any employee may bring before the Audit Committee any matter involving questionable, illegal or improper financial practices or transactions.

*C. Roles and Responsibilities*

1. The overall duties and responsibilities of the Audit Committee shall be as follows:

- (a) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and interim consolidated financial statements and related financial disclosure;
- (b) to establish and maintain a direct line of communication with the Company's external auditors and assess their performance;
- (c) to ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal financial controls; and
- (d) to report regularly to the Board on the fulfilment of its duties and responsibilities.

2. The duties and responsibilities of the Audit Committee as they relate to the external auditors shall be as follows:

- (a) recommend to the Board a firm of external auditors to be engaged by the Company and to verify the independence of such external auditors;
- (b) review and approve the fee, scope and timing of audits of the Company and other related services rendered by the external auditors;
- (c) review the audit plan of the external auditors prior to commencement of an audit of the Company;
- (d) review with the external auditors, upon completion of their audit of the Company:
  - (i) contents of their report;
  - (ii) scope and quality of the audit work performed;
  - (iii) adequacy of the Company's financial and auditing personnel;
  - (iv) co-operation received from the Company's personnel during the audit;
  - (v) internal resources used;
  - (vi) significant transactions outside of the normal business of the Company;
  - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
  - (viii) any non-audit services provided by the external auditors;
- (e) discuss with the external auditors the quality and acceptability of the Company's accounting principles; and

- (f) implement structures and procedures to ensure that the Audit Committee meets the external auditors on a regular basis in the absence of management.
3. The duties and responsibilities of the Audit Committee as they relate to the internal control procedures of the Company are to:
- (a) review the appropriateness and effectiveness of the Company's policies and business practices which impact the financial integrity of the Company, including those relating to insurance, accounting, information services and systems and financial controls, management reporting and risk management;
  - (b) review compliance under the Company's business conduct and ethics policies and to periodically review these policies and recommend to the Board any changes which the Audit Committee may deem appropriate;
  - (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and
  - (d) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the external auditors have been implemented.
4. The Audit Committee is also charged with the responsibility to:
- (a) review and approve the Company's annual and interim financial statements and related MD&A, including the impact of unusual items and changes in accounting principles and estimates;
  - (b) review and approve and report to the Board the financial sections of any of the following disclosed documents prepared by the Company:
    - (i) the annual report to shareholders;
    - (ii) the annual information form;
    - (iii) annual MD&A;
    - (iv) prospectuses;
    - (v) news releases discussing financial results of the Company; and
    - (vi) other public reports of a financial nature requiring approval by the Board;
  - (c) review regulatory filings and decisions as they relate to the Company's consolidated financial statements;
  - (d) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
  - (e) review and report on the integrity of the Company's consolidated financial statements;
  - (f) review the minutes of any audit committee meeting of any of the Company's subsidiaries;
  - (g) review with the Company's management, external auditors and, if necessary, legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect on the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
  - (h) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and

- (i) develop a calendar of activities to be undertaken by the Audit Committee for each ensuing year and submit such calendar in the appropriate format to the Board following each annual general meeting of the shareholders.

Schedule “B”

**FIRST HELIUM INC.  
(the “Company”)**

**NEW STOCK OPTION PLAN**

**ARTICLE 1  
PURPOSE**

**1.1 Purpose**

The purpose of the Plan is to provide the Corporation with a share-related mechanism to attract, retain and motivate qualified Executives, Employees and Consultants of the Corporation and its Subsidiaries, to reward such of those Executives, Employees and Consultants as may be granted Options under the Plan by the Board from time to time for their contributions toward the long term goals and success of the Corporation and to enable and encourage such Executives, Employees and Consultants to acquire Shares as long term investments and proprietary interests in the Corporation.

**ARTICLE 2  
INTERPRETATION**

**2.1 Definitions**

When used herein, unless the context otherwise requires, the following terms have the indicated meanings:

“**Applicable Laws**” means the applicable laws and regulations and the requirements or policies of any governmental, regulatory authority, securities commission and stock exchange having authority over the Corporation or the Plan;

“**Black-Out**” means a restriction formally imposed by the Corporation, pursuant to its internal trading policies as a result of the bona fide existence of undisclosed material information, on all or any of its Participants whereby such Participants are prohibited from exercising, redeeming or settling their Options;

“**Board**” means the board of directors of the Corporation;

“**Business Day**” means a day, other than a Saturday or Sunday, on which the principal commercial banks in the City of Vancouver are open for commercial business during normal banking hours;

“**Cause**” means:

- (a) unless the applicable Option Certificate states otherwise, with respect to any Employee, Officer or Consultant:
  - (i) if such Employee, Officer or Consultant is a party to an employment or service agreement with the Corporation or any of its Subsidiaries and such agreement provides for a definition of Cause, the definition contained therein; or
  - (ii) if no such agreement exists, or if such agreement does not define Cause, any act or omission that would entitle the Corporation to terminate the employment or service agreement of such Employee, Officer or Consultant, without notice or compensation under the common law for just cause, including, without in any way limiting its meaning under the common law: (A) the failure of the Employee, Officer or Consultant to carry out its duties properly or to comply with the rules, policies and practices of the Corporation or any of its Subsidiaries, as applicable; (B) a material breach of any agreement with the Corporation or any of its Subsidiaries, as applicable, or a material violation of any written policy of the Corporation or any of its Subsidiaries, as applicable; (C) the indictment for or conviction of an indictable offence or any summary offence involving material dishonesty or moral turpitude;

(D) a material fiduciary breach with respect to the Corporation or any of its Subsidiaries, as applicable; (E) fraud, embezzlement or similar conduct that results in or is reasonably likely to result in harm to the reputation or business of the Corporation or any of its Subsidiaries; or (F) gross negligence or willful misconduct with respect to the Corporation or any of its Subsidiaries; and

- (b) with respect to any Director, the removal of a Director before the expiration of his or her term of office by any method permitted by the Corporation's Articles;

**"Change of Business"** has the meaning attributed thereto in Policy 5.2 – *Change of Business and Reverse Takeovers*, as amended from time to time, of the TSXV Manual;

**"Change in Control"** means the occurrence of any one or more of the following events:

- (a) the direct or indirect acquisition or conversion from time to time of more than 50% of the issued and outstanding Shares, in aggregate, by a Person or group of Persons acting in concert, other than through an employee share purchase plan or employee share ownership plan;
- (b) a change in the composition of the Board which results in the majority of the directors of the Corporation not being individuals nominated by the Corporation's then incumbent directors; or
- (c) a merger, amalgamation, arrangement or reorganization of the Corporation with one or more corporations as a result of which, immediately following such event, the shareholders of the Corporation as a group, as they were immediately prior to such event, hold less than a majority of the outstanding Voting Shares of the surviving corporation;

**"Committee"** has the meaning set forth in Section 3.2;

**"Company"** means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

**"Consultant"** means:

- (a) a Person (other than an Executive or Employee) that:
- (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or to any of its Subsidiaries, other than services provided in relation to a distribution of securities (as defined under Applicable Laws);
- (ii) provides the services under a written contract between the Corporation or any of its Subsidiaries and the individual or the Company, as the case may be; and
- (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or of any of its Subsidiaries, or
- (b) an individual (other than a Director, Officer or Employee) employed by a Company providing management services to the Corporation, which services are required for the ongoing successful operation of the business enterprise of the Corporation;

**"Corporate Policies"** means any of the policies of the Corporation;

**"Corporation"** means First Helium Inc., a corporation incorporated under the laws of the Province of British Columbia, and any successor corporation;

**"Date of Grant"** means, for any Option, the date specified by the Plan Administrator at the time it grants the Option (which, for greater certainty, shall be no earlier than the date on which the Board meets or otherwise acts for the purpose of granting such Option) or if no such date is specified, the date upon which the Option was granted;

**"Director"** means a director (as defined under Securities Laws) of the Corporation or of any of its Subsidiaries;

“**Disabled**” or “**Disability**” means a physical injury or mental incapacity of a nature which the Plan Administrator determines prevents or would prevent the Participant from satisfactorily performing the substantial and material duties of his or her position with the Corporation or any of its Subsidiaries;

“**Effective Date**” means the date the Plan becomes effective, which shall be upon receipt of all shareholder and regulatory approvals;

“**Employee**” means an individual who:

- (a) is considered an employee of the Corporation or any of its Subsidiaries under the Tax Act and for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source;
- (b) works full-time for the Corporation or any of its Subsidiaries providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or any of its Subsidiaries over the details and methods of work as an employee of the Corporation or of a Subsidiary of the Corporation, as the case may be, but for whom income tax deductions are not made at source; or
- (c) works for the Corporation or any of its Subsidiaries on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or any of its Subsidiaries over the details and methods of work as an employee of the Corporation or any of its Subsidiaries;

“**Exercise Notice**” means the written notice of the exercise of an Option, in the form set out in the Option Certificate (or in such other form as may be approved by the Plan Administrator, duly executed by the Participant);

“**Exercise Period**” means the period during which a particular Option may be exercised and is the period from and including the Grant Date through to and including the Expiry Time on the Expiry Date provided, however, that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained;

“**Exercise Price**” means the price at which an Option is exercisable as determined in accordance with Section 4.5;

“**Expiry Date**” means the date the Option expires as set out in the Option Certificate or as otherwise determined in accordance with Sections 4.10, 5.1, 7.2, or Article ARTICLE 6;

“**Expiry Time**” means the time the Option expires on the Expiry Date, which is 5:00 p.m. local time in Vancouver, British Columbia on the Expiry Date;

“**Exchange**” means the TSXV and any other exchange on which the Shares are or may be listed from time to time;

“**Executive**” means an individual who is a Director or Officer;

“**Good Reason**” means any one or more of the following events occurring following a Change in Control and without the Participant’s written consent:

- (a) the Participant is placed in a position of lesser stature than its current position and, is assigned duties that would result in a material change in the nature or scope of powers, authority, functions or duties inherent in such a position immediately prior to the Change in Control;
- (b) a material decrease in the Participant’s base salary or a material decrease in the Participant’s short-term incentive grants, long-term incentive grants, benefits, vacation or other compensation;
- (c) a requirement that the Participant relocate to a location greater than 40 kilometers from the Participant’s primary work location immediately prior to the Change in Control; or
- (d) any action or event that would constitute constructive dismissal of the Participant at common law;

**“Insider”** means:

- (a) a Director or senior officer of the Corporation;
- (b) a Director or senior officer of a Company that is an Insider or a Subsidiary of the Corporation;
- (c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares of the Corporation carrying more than 10% of the voting rights attached to the Voting Shares of the Corporation; or
- (d) the Corporation itself if it holds any of its own securities;

**“Investor Relations Service Providers”** has the meaning attributed thereto in Policy 4.4;

**“Market Price”** means the market value of the Shares as determined in accordance with Section 4.5;

**“Officer”** means an officer (as defined under Securities Laws) of the Corporation or of any of its Subsidiaries;

**“Option”** means an incentive share purchase option granted pursuant to the Plan entitling a Participant to purchase Shares of the Corporation;

**“Option Certificate”** means a certificate issued by the Corporation in the form or any one of the forms approved by the Plan Administrator, evidencing the terms and conditions on which an Option has been granted under the Plan and which need not be identical to any other such certificates and which may be in the form set out in Schedule “A” hereto;

**“Outstanding Options”** has the meaning ascribed to it in Section 3.7;

**“Participant”** means an Executive, Employee or Consultant to whom an Option has been granted under the Plan;

**“Person”** includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his or her capacity as trustee, executor, administrator or other legal representative;

**“Personal Representative”** means: (i) in the case of a deceased Participant, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and (ii) in the case of a Participant who, for any reason, is unable to manage his or her affairs, the Person entitled by law to act on behalf of such Participant;

**“Plan”** means this Option Plan, as may be amended from time to time;

**“Plan Administrator”** means the Board, or if the administration of the Plan has been delegated by the Board to the Committee pursuant to Section 3.2, the Committee;

**“Policy 4.4”** means in Policy 4.4 – *Security Based Compensation*, as amended from time to time, of the TSXV Manual;

**“Prior Plan”** means the Corporation’s prior stock option plan;

**“Regulatory Approvals”** means any necessary approvals of the Regulatory Authorities as may be required from time to time for the implementation, operation or amendment of the Plan or for the Options granted from time to time hereunder;

**“Regulatory Authorities”** means all Exchanges and all securities commissions or similar securities regulatory bodies having jurisdiction over the Corporation, the Plan or the Options granted from time to time hereunder;

**“Reorganization”** has the meaning attributed thereto in Policy 5.3 – *Acquisitions and Dispositions of Non- Cash Assets*, as amended from time to time, of the TSXV Manual;

**“Reverse Takeover”** has the meaning attributed thereto in Policy 5.2 – *Change of Business and Reverse Takeovers*, as amended from time to time, of the TSXV Manual;

“**Securities Act**” means the *Securities Act* (British Columbia, RSBC 1996, c. 418 as from time to time amended);

“**Security Based Compensation Arrangement**” for the purposes of the Plan means any option, share option plan, share incentive plan, employee share purchase plan where the Corporation provides any financial assistance or matching mechanism, stock appreciation right or any other compensation or incentive mechanism involving the issuance or potential issuance of securities from the Corporation’s treasury to Executives, Employees or Consultants, but for greater certainty does not involve compensation arrangements which do not involve the issuance or potential issuance of securities from the Corporation’s treasury or arrangements under which compensation arrangements are settled solely in cash and/or securities purchased on the secondary market;

“**Securities Laws**” means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to a Company;

“**Share**” means one (1) common share in the capital of the Corporation as constituted on the Effective Date or after an adjustment contemplated by ARTICLE 7, such other shares or securities to which the holder of an Option may be entitled as a result of such adjustment;

“**Shareholder Approval**” means approval by the Corporation’s shareholders in accordance with the policies of the Exchange;

“**Subsidiary**” has the meaning attributed thereto in the Securities Act;

“**Tax Act**” means the *Income Tax Act* (Canada) and its regulations thereunder, as amended from time to time;

“**Termination Date**” means (i) the date designated by the Participant and the Corporation or a Subsidiary of the Corporation in a written employment agreement, or other written agreement between the Participant and Corporation or a Subsidiary of the Corporation, or (ii) if no written agreement exists, the date designated by the Corporation or a Subsidiary of the Corporation, as the case may be, on which a Participant ceases to be an employee of the Corporation or a Subsidiary of the Corporation or ceases to provide services to the Corporation or a Subsidiary of the Corporation, as the case may be, provided that, in the case of termination of employment or termination of services by voluntary resignation by the Participant, such date shall not be earlier than the date notice of resignation was given, and “Termination Date” specifically does not mean the date of termination of any period of reasonable notice that the Corporation or a Subsidiary of the Corporation, as applicable, may be required by law to provide to the Participant;

“**Triggering Event**” means:

- (a) the proposed dissolution, liquidation or wind-up of the Corporation;
- (b) a proposed Change in Control;
- (c) the proposed sale or other disposition of all or substantially all of the assets of the Corporation; or
- (d) a proposed material alteration of the capital structure of the Corporation which, in the opinion of the Plan Administrator, is of such a nature that it is not practical or feasible to make adjustments to the Plan or to the Options granted hereunder to permit the Plan and Options granted hereunder to stay in effect;

“**TSXV**” means the TSX Venture Exchange;

“**TSXV Manual**” means the TSXV Corporate Finance Manual;

“**Vested**” means a portion of the Option granted to the Participant which is available to be exercised by such Participant at any time and from time to time;

“**Voting Share**” means a security of a Company that:

- (a) is not a debt security; and
- (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing; and

“**VWAP**” means the volume-weighted average trading price of the Shares on the TSXV calculated by dividing the total value by the total volume of the Shares traded for the five trading days immediately preceding the exercise of the subject Option, provided that the TSXV may exclude internal crosses and certain other special terms trades from the calculation.

## 2.2 Interpretation

- (a) Whenever the Plan Administrator exercises discretion in the administration of the Plan, the term “discretion” means the sole and absolute discretion of the Plan Administrator.
- (b) As used herein, the terms “Article”, “Section” and “clause” mean and refer to the specified Article, Section and clause of the Plan, respectively.
- (c) Words importing the singular include the plural and vice versa and words importing any gender include any other gender.
- (d) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period begins, including the day on which the period ends, and abridging the period to the immediately preceding Business Day in the event that the last day of the period is not a Business Day. In the event an action is required to be taken or a payment is required to be made on a day which is not a Business Day such action shall be taken or such payment shall be made by the immediately preceding Business Day.
- (e) Unless otherwise specified, all references to money amounts are to Canadian currency.
- (f) The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

## ARTICLE 3 ADMINISTRATION

### 3.1 Administration

Subject to and consistent with the terms of the Plan, Applicable Laws and the provisions of any charter adopted by the Board with respect to the powers, authority and operation of the Committee (as amended from time to time), the Plan will be administered by the Plan Administrator, and the Plan Administrator has sole and complete authority, in its discretion, without limitation, to:

- (a) determine the Persons who are eligible to be Participants in accordance with Section 3.4;
- (b) make grants of Options under the Plan relating to the issuance of Shares in such amounts, to such Participants and, subject to the provisions of the Plan, on such terms and conditions as it determines including without limitation:
  - (i) the time or times at which Options may be granted, including the applicable Date of Grant
  - (ii) the conditions under which an Option or any portion thereof may be granted to a Participant including, without limitation, the Expiry Date, Exercise Price and vesting schedule (which need not be identical with the terms of any other Option);
  - (iii) the consequences of a termination with respect to an Option;
  - (iv) the number of Shares subject to each Option;
  - (v) whether restrictions or limitations are to be imposed on the Shares issuable pursuant to grants of any Option, and the nature of such restrictions or limitations, if any; and
  - (vi) any acceleration of exercisability or vesting, or waiver of termination regarding any Option, based on such factors as the Plan Administrator may determine;
- (c) establish the form or forms of the Option Certificate and Exercise Notice;

- (d) amend the terms of any Option, subject to and in accordance with the terms and conditions of the Plan;
- (e) cancel, amend, adjust or otherwise change any Option under such circumstances as the Plan Administrator may consider appropriate in accordance with the provisions of the Plan, including but not limited to:
  - (i) allowing non-Vested Options to be treated as Vested upon termination of employment or service of a Participant, as to any or all of termination, death or Disability;
  - (ii) providing that the Options with respect to certain classes, types or groups of Participants will have different acceleration, forfeiture, termination, continuation or other terms than other classes, types or groups of Participants;
  - (iii) providing for the continuation of any Option for such period which is not longer than 12 months from the Termination Date or 12 months from the date of death or Disability of the Participant, and upon such terms and conditions as are determined by the Plan Administrator in the event that a Participant ceases to be an Executive, Employee or Consultant, as the case may be;
  - (iv) providing that Vested Options may be exercised for periods longer or different from those set forth in the Plan, subject to the applicable rules of the Exchange; and
  - (v) setting any other terms for the exercise or termination of an Option upon termination of employment or service;
- (f) construe and interpret the Plan and all Option Certificates;
- (g) determine all questions arising in connection with the administration, interpretation and application of the Plan, including all questions relating to the Market Price of the Shares;
- (h) correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
- (i) determine whether, to what extent, and under what circumstances an Option may be exercised in cash, through a cashless exercise or through net exercise pursuant to Section 4.8;
- (j) determine the duration and purposes of leaves of absence from employment or engagement by the Corporation which may be granted to Participants without constituting a termination of employment or engagement for purposes of the Plan;
- (k) authorize Persons to execute such documents and instruments as may be necessary to carry out the purposes of the Plan and grants of Options from time to time hereunder;
- (l) prescribe, amend, and rescind rules and regulations relating to the administration of the Plan; and
- (m) make all other determinations and take all other actions necessary or advisable for the implementation and administration of the Plan.

### 3.2 Delegation to Committee

- (a) The initial Plan Administrator shall be the Board.
- (b) To the extent permitted by Applicable Law, the Board may, from time to time, delegate to a committee of the Corporation (the “**Committee**”), consisting of not less than two of its members, all or any of the powers conferred on the Plan Administrator pursuant to the Plan, including the power to sub-delegate to any specified Directors or Officers all or any of the powers delegated by the Board. From time to time, the Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and

appoint new members in their place, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer the Plan.

- (c) In the event the Board delegates to the Committee all or any of the powers conferred on the Plan Administrator pursuant to the Plan, the Committee or any sub-delegate will exercise the powers delegated to it in the manner and on the terms authorized by the delegating party. Any decision made or action taken by the Committee or any sub-delegate arising out of or in connection with the administration or interpretation of the Plan in this context is final and conclusive and binding on the Corporation and all affiliates of the Corporation, all Participants and all other Persons.

### **3.3 Determinations Binding**

Any decision made or action taken by the Board, the Committee or any sub-delegate to whom authority has been delegated pursuant to Section 3.2 arising out of or in connection with the administration interpretation of the Plan is final, conclusive and binding on all affected Persons, including the Corporation and any of its Subsidiaries, the affected Participants and their Personal Representatives, any shareholder of the Corporation and all other Persons.

### **3.4 Eligibility**

Subject to the discretion of the Plan Administrator, all Executives, Employees and Consultants are eligible to participate in the Plan. Participation in the Plan is voluntary and eligibility to participate does not confer upon any Executive, Employee or Consultant any right to receive any grant of an Option pursuant to the Plan. In addition, in order to be eligible to receive Options, in the case of Employees and Consultants, the Option Certificate to which they are a party must contain a representation of the Corporation and of such Employee or Consultant, as the case may be, that such Employee or Consultant is a bona fide Employee or Consultant of the Corporation or a Subsidiary of the Corporation, as the case may be. Options may be granted to a Company that is wholly-owned by an individual Executive, Employee or Consultant.

For clarity, Investor Relations Service Providers may not be granted any other Security Based Compensation Arrangements except for Options under the Plan.

### **3.5 Board Requirements**

Any Option granted under the Plan shall be subject to the requirement that, if at any time the Corporation shall determine that the listing, registration or qualification of the Shares issuable pursuant to such Option upon any securities exchange or under any Applicable Laws of any jurisdiction, or the consent or approval of the Exchange and any securities commissions or similar securities regulatory bodies having jurisdiction over the Corporation is necessary as a condition of, or in connection with, the grant or exercise of such Option or the issuance or purchase of Shares thereunder, such Option may not be 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. Nothing herein shall be deemed to require the Corporation to apply for or to obtain such listing, registration, qualification, consent or approval. Participants shall, to the extent applicable, cooperate with the Corporation in complying with such legislation, rules, regulations and policies.

### **3.6 Liability Limitation and Indemnification**

No member of the Board or the Committee shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any Option Certificate or any Option granted hereunder.

### 3.7 Total Shares Subject to Options

Subject to adjustment pursuant to ARTICLE 7, the number of Shares hereby reserved for issuance to Participants under the Plan shall not exceed 10% of the number of Shares which are issued and outstanding on the particular date of grant of Options. There are **5,930,000** Options (the “**Outstanding Options**”) outstanding on the date hereof which were granted under the Prior Plan, which will remain in full force and effect in accordance with their terms. The number of Shares issuable upon exercise of the Outstanding Options shall be included in the calculation of the maximum number of Shares issuable pursuant to Options. Any Shares subject to an Option which has been granted under the Plan and which has been cancelled, terminated, surrendered, forfeited or expired without having been exercised as provided for in the Plan shall again be available under the Plan.

### 3.8 Limits on Options

Notwithstanding anything in the Plan, if the Corporation is listed on the TSXV, the following limitations shall apply to the Plan and all Options thereunder so long as such limitations are required by the TSXV:

- (a) unless disinterested Shareholder Approval is obtained in accordance with the policies of the TSXV (or unless permitted otherwise by the policies of the TSXV):
  - (i) the maximum number of Shares that may be issued to any one Participant (and where permitted pursuant to the policies of the TSXV, any Company that is wholly-owned by the Participant) under the Plan, together with all of the Corporation’s other Security Based Compensation Arrangements, within a 12-month period, may not exceed 5% of the issued Shares calculated on the Date of Grant;
  - (ii) the maximum number of Shares that are issuable pursuant to all the Corporation’s Security Based Compensation Arrangements granted or issued in any 12-month period to Insiders (as a group) must not exceed 10% of the issued Shares, calculated as at the date any security based compensation of the Corporation is granted or issued to any Insider; and
  - (iii) the maximum number of Shares that are issuable pursuant to all the Corporation’s Security Based Compensation Arrangements granted or issued to Insiders (as a group) must not exceed 10% of the issued Shares at any point in time;
- (b) the maximum number of Shares that may be issued to any one Consultant under the Plan, together with all of the Corporation’s other Security Based Compensation Arrangements, within a 12-month period, may not exceed 2% of the issued Shares calculated on the Date of Grant;
- (c) the maximum number of Shares issuable pursuant to Options which may be granted within any 12-month period to Investor Relations Service Providers (as a group) must not exceed 2% of the issued Shares calculated on the Date of Grant;
- (d) Options granted to Investor Relations Service Providers must vest in stages over 12 months with no more than 25% of the Options vesting in any three-month period; and
- (e) any Options granted to a Participant who ceases to be a Participant under the Plan for any reason whatsoever shall terminate at a date no later than 12 months from the date such Participant ceases to be a Participant under the Plan.

### 3.9 **Option Certificates**

Each Option under the Plan will be evidenced by an Option Certificate. Each Option Certificate will be subject to the applicable provisions of the Plan and will contain such provisions as are required by the Plan and any other provisions that the Plan Administrator may direct.

### 3.10 **Non-transferability of Options**

Except to the extent that certain rights may pass to a beneficiary or Personal Representative upon death of a Participant by will or as required by law, no Option is assignable or transferable.

### 3.11 **Resale Restrictions**

Any Shares issued by the Corporation upon exercise or settlement of an Option are subject to any resale and trading restrictions in effect pursuant to Applicable Laws and the policies of the Exchange, and the Corporation shall be entitled to place any restriction or legend on any certificates representing such Shares accordingly. Any Option Certificate will bear the following legend, if required pursuant to the policies of the TSXV:

“Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this certificate, and any securities issued upon exercise hereof, may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until **[Insert the date that is four months and one day after the date of the grant of the Option will be inserted].**”

Any certificate representing Shares issued pursuant to an exercise of an Option before the date that is four month and one day after the date of grant of an Option will bear the following legend, if required pursuant to the policies of the TSXV:

“Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until **[Insert the date that is four months and one day after the date of the grant of the Option will be inserted].**”

## **ARTICLE 4 OPTIONS**

### 4.1 **Granting of Options**

The Plan Administrator may, from time to time, subject to Corporate Policies, the provisions of the Plan and such other terms and conditions as the Plan Administrator may determine, grant Options to any Participant, and in doing so, may, without limitation, in its discretion, (a) designate the Participants who may receive Options under the Plan, (b) fix the number of Options to be granted to each Participant and the date or dates on which such Options shall be granted, and (c) determine the relevant conditions and vesting schedules in respect of any Options.

### 4.2 **Options Account**

All Options received by a Participant shall be credited to an account maintained for the Participant on the books of the Corporation as of the Date of Grant. The terms and conditions of each Option grant shall be evidenced by an Option Certificate.

#### 4.3 **Exercise Period of Options**

Subject to Sections 4.10, 5.1, and 7.4 and ARTICLE 6, the Date of Grant and the Expiry Date of an Option shall be the dates fixed by the Plan Administrator at the time the Option is granted and shall be set out in the Option Certificate issued in respect of such Option, provided that the duration of such Option will not exceed the maximum term permitted by each organized trading facility on which the Shares are listed, being 10 years for the TSXV from the Date of Grant of such Option (subject to extension where the Expiry Date is within a Black-Out period pursuant to Section 5.1).

#### 4.4 **Number of Shares under an Option**

The number of Shares which may be purchased pursuant to an Option shall be determined by the Plan Administrator and shall be set out in the Option Certificate issued in respect of the Option.

#### 4.5 **Exercise Price of an Option**

The Exercise Price at which a Participant may purchase a Share upon the exercise of an Option shall be determined by the Plan Administrator and shall be set out in the Option Certificate issued in respect of the Option. The Exercise Price shall not be less than the Market Price of the Shares as of the Date of Grant. The Market Price of the Shares for a particular Date of Grant shall be determined as follows:

- (a) for each organized trading facility on which the Shares are listed, Market Price will be:
  - (i) the closing trading price of the Shares on the day immediately preceding the issuance of the news release announcing the grant of the Option, or
  - (ii) if, in accordance with the policies of the TSXV, the Corporation is not required to issue a news release to announce the grant and exercise price of the Option, the closing trading price of the Shares on the day immediately preceding the Date of Grant,

and may be less than this price if it is within the discounts permitted by the applicable Regulatory Authorities;
- (b) if the Shares are listed on more than one organized trading facility, the Market Price shall be the Market Price as determined in accordance with subparagraph (a) above for the primary organized trading facility on which the Shares are listed, as determined by the Plan Administrator, subject to any adjustments as may be required to secure all necessary Regulatory Approvals;
- (c) if the Shares are listed on one or more organized trading facilities but have not traded during the ten trading days immediately preceding the Grant Date, then the Market Price will be, subject to any adjustments as may be required to secure all necessary Regulatory Approvals, such value as is determined by the Plan Administrator; and
- (d) if the Shares are not listed on any organized trading facility, then the Market Price will be, subject to any adjustments as may be required to secure all necessary Regulatory Approvals, such value as is determined by the Plan Administrator to be the fair value of the Shares, taking into consideration all factors that the Plan Administrator deems appropriate, including, without limitation, recent sale and offer prices of the Shares in private transactions negotiated at arms' length.

Notwithstanding anything else contained herein, in no case will the Market Price be less than the minimum prescribed by each of the organized trading facilities that would apply to the Corporation on the Date of Grant in question.

#### 4.6 Vesting of Options and Acceleration

Subject to the limitations in Section 3.8 and all Applicable Laws, the vesting schedule for an Option, if any, shall be determined by the Plan Administrator and shall be set out in the Option Certificate issued in respect of the Option. The Plan Administrator may elect, at any time, to accelerate the vesting schedule of one or more Options including, without limitation, on a Triggering Event, and such acceleration will not be considered an amendment to the Option in question requiring the consent of the Participant under Section 8.2 of the Plan. Notwithstanding the foregoing, if the Corporation is listed on the TSXV, no acceleration to the vesting schedule of one or more Options granted to an Investor Relations Service Provider can be made without the prior written acceptance of the TSXV.

#### 4.7 Additional Terms

Subject to all Applicable Laws and all necessary Regulatory Approvals, the Plan Administrator may attach additional terms and conditions to the grant of a particular Option, such terms and conditions to be set out in the Option Certificate. The Option Certificates will be issued for convenience only, and in the case of a dispute with regard to any matter in respect thereof, the provisions of the Plan and the records of the Corporation shall prevail over the terms and conditions in the Option Certificate.

#### 4.8 Exercise of Options

An Option may be exercised only by the Participant or the Personal Representative of any Participant. A Participant or the Personal Representative of any Participant may exercise an Option in whole or in part at any time and from time to time during the Exercise Period up to the Expiry Time on the Expiry Date by delivering to the Plan Administrator the required Exercise Notice, the applicable Option Certificate and one of following forms of consideration, subject to Applicable Laws:

- (a) *Cash Exercise* - Consideration may be paid by a Participant sending a wire transfer, certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate Exercise Price of the Shares then being purchased pursuant to the exercise of the Option.
- (b) *Cashless Exercise* - Subject to approval from the Plan Administrator and further subject to the Shares being traded on the Exchange, consideration may be paid by a Participant as follows:
  - (i) a brokerage firm loans money to the Participant in order for the Participant to exercise Options to acquire the underlying Shares (the “**Loan**”); (ii) the brokerage firm then sells a sufficient number of Shares to cover the Exercise Price of the Options that were exercised by the Participant in order to repay the Loan; and (iii) the brokerage firm receives an equivalent number of Shares from the exercise of the Options and the Participant receives the balance of the Shares or the cash proceeds from the balance of such Shares.
- (c) *Net Exercise* - Subject to approval from the Plan Administrator and further subject to the Shares being traded on the Exchange, consideration may be paid by reducing the number of Shares otherwise issuable under the Options such that, in lieu of a cash payment to the Corporation, a Participant, excluding Investor Relations Service Providers, only receives the number of 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 VWAP of the underlying Shares and the Exercise Price of the subject Options, by (ii) the VWAP of the underlying Shares. The number of Shares delivered to the Participant may be further reduced to satisfy applicable tax withholding obligations pursuant to Section 5.2. In the event of a net exercise, the number of Options exercised, surrendered or converted, and not the number of Shares issued, must be included in calculating the limits set forth in Sections 3.7 and 3.8.

#### 4.9 Issue of Share Certificates or Direct Registration Statements

As soon as reasonably practicable following the receipt of the Exercise Notice, the Plan Administrator shall cause to be delivered to the Participant a certificate or direct registration statement for the Shares so purchased. If the number of Shares so purchased is less than the number of Shares subject to the Option Certificate surrendered, the Plan Administrator shall also provide a new Option Certificate for the balance of Shares available under the Option, being the number of Shares subject to the Option Certificate surrendered less the number of Shares purchased and, if applicable, the number of Options exercised, surrendered or converted in accordance with Section 4.8(c), to the Participant concurrent with delivery of the certificate or direct registration statement for the Shares.

#### 4.10 **Termination of Options**

Subject to such other terms or conditions that may be attached to Options granted hereunder, a Participant may exercise an Option in whole or in part at any time and from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of the Expiry Time on the Expiry Date. The Expiry Date of an Option shall be the earlier of the date so fixed by the Plan Administrator at the time the Option is granted as set out in the Option Certificate and the date established, if applicable, pursuant to ARTICLE 6.

### **ARTICLE 5 ADDITIONAL OPTION TERMS**

#### 5.1 **Black-Out Period**

If the Expiry Date for an Option occurs during the Black-Out period, then, notwithstanding any other provision of the Plan, the Option shall be extended no more than ten Business Days after the date the Black-Out is lifted by the Corporation, unless the delayed expiration would result in tax penalties or the Participant or the Corporation is subject to a cease trade order in respect of the Corporation's securities.

#### 5.2 **Withholding Taxes**

The granting, vesting or exercise of each Option under the Plan is subject to the condition that if at any time the Plan Administrator determines, in its discretion, that the satisfaction of withholding tax or other withholding liabilities is necessary or desirable in respect of such grant, vesting or exercise, such action is not effective unless such withholding has been effected to the satisfaction of the Plan Administrator. In such circumstances, the Plan Administrator may require that a Participant pay to the Corporation the minimum amount as the Corporation or a Subsidiary of the Corporation is obliged to remit to the relevant taxing authority in respect of the granting, vesting or exercise of the Option. Any such additional payment is due no later than the date on which such amount with respect to the Option is required to be remitted to the relevant tax authority by the Corporation or a Subsidiary of the Corporation, as the case may be. Alternatively, and subject to any requirements or limitations under applicable law, the Corporation may (a) withhold such amount from any remuneration or other amount payable by the Corporation or a Subsidiary of the Corporation to the Participant, (b) require the sale of a number of Shares issued upon exercise or vesting of such Option and the remittance to the Corporation of the net proceeds from such sale sufficient to satisfy such amount or (c) enter into any other suitable arrangements for the receipt of such amount. If the Corporation is listed on the TSXV, the Corporation will ensure that any tax withholding made by the Corporation under the Plan is conducted in compliance with Policy 4.4.

Participants (or their beneficiaries) shall be responsible for all taxes with respect to any Options granted under the Plan, whether arising as a result of the grant or payment in respect of the Option or otherwise. The Corporation, the Plan Administrator and the Board make no guarantees to any Person regarding the tax treatment of an Option or issuances of Shares and none of the Corporation, the Board, the Plan Administrator or any of the Executives, Employees, Consultants, agents, advisors or representatives of the Corporation or the Subsidiary of the Corporation shall have any liability to a Participant with respect thereto.

### 5.3 **Recoupment**

Notwithstanding any other terms of the Plan, Options may be subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of any clawback, recoupment or similar policy adopted by the Corporation or a Subsidiary of the Corporation and in effect at the Date of Grant of the Option, or as otherwise required by law or the rules of the Exchange. The Plan Administrator may at any time waive the application of this Section 5.3 to any Participant or category of Participants.

### 5.4 **No Other Benefit**

- (a) No amount will be paid to, or in respect of, a Participant under the Plan to compensate for a downward fluctuation in the price of a Share or the value of any Option granted, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.
- (b) The Corporation makes no representations or warranties to Participants with respect to the Plan or any Options whatsoever. Participants are expressly advised that the value of any Options issued pursuant to the Plan will fluctuate as the trading price of the Shares fluctuates.
- (c) In seeking the benefits of participation in the Plan, the Participant shall exclusively accept all risks associated with a decline in the trading price of the Shares and all other risks associated with the holding of any Options.

## **ARTICLE 6 TERMINATION OF EMPLOYMENT OR SERVICES**

### 6.1 **Termination of Participant**

Subject to ARTICLE 7 and unless otherwise determined by the Plan Administrator or as set forth in an Option Certificate:

- (a) where a Participant's employment or services are terminated by the Corporation or a Subsidiary of the Corporation for Cause, then each Option held by the Participant that has not Vested as of the Termination Date is immediately forfeited and cancelled as of the Termination Date. The Plan Administrator, in its discretion, shall determine the effect of all matters and questions relating to whether a Participant has been discharged for Cause. In addition, where a Participant's employment or services are terminated by the Corporation or a Subsidiary of the Corporation for Cause, the Plan Administrator may, in its discretion, determine that all Options held by the Participant that have Vested as of the Termination Date shall immediately become forfeited, cancelled, null and void, failing which, all Options held by the Participant that have Vested as of the Termination Date shall be exercisable in accordance with Section 4.8 at any time during the period that terminates on the earlier of: (i) the Expiry Date; (ii) a date determined by the Plan Administrator in its discretion; and (iii) the first anniversary of the Termination Date. Any Option that remains unexercised shall be immediately forfeited upon the termination of such period;
- (b) where a Participant ceases to hold office or his or her position, as applicable, by reason of voluntary resignation by the Participant, then each Option held by the Participant that has not Vested as of the Termination Date is immediately forfeited and cancelled as of the Termination Date. All Options held by the Participant that have Vested as of the Termination Date shall be exercisable in accordance with Section 4.8 at any time during the period that terminates on the earlier of: (i) the Expiry Date; (ii) a date determined by the Plan Administrator in its discretion; and (iii) the first anniversary of the Termination Date. Any Option that remains unexercised shall be immediately forfeited upon the termination of such period;

- (c) where a Participant's employment or services are terminated by the Corporation or a Subsidiary of the Corporation without Cause (whether such termination occurs with or without any or adequate reasonable notice, or with or without any or adequate compensation in lieu of such reasonable notice); then:
- (i) subject to Section 4.6, a portion of any Options held by the Participant that are not yet Vested shall immediately vest, with such portion to be equal to the number of unvested Options multiplied by a fraction the numerator of which is the number of days between the Date of Grant and the Termination Date and the denominator of which is the number of days between the Date of Grant and the date the unvested Options were originally scheduled to vest. For clarity and by way of example, if a Participant's employment is terminated 400 days following the Date of Grant and unvested Options were originally scheduled to vest 600 days from the Date of Grant, two-thirds of the unvested Options will immediately vest;
  - (ii) subject to Section 6.1(c)(i), any Options held by the Participant that are not yet Vested at the Termination Date after the application of Section 6.1(c)(i) shall be immediately forfeited to the Corporation; and
  - (iii) any Options held by the Participant that have Vested as of the Termination Date or Vested pursuant to Section 6.1(c)(i) shall be settled in accordance with Section 4.8 at any time during the period that terminates on the earlier of: (i) the Expiry Date; (ii) a date determined by the Plan Administrator in its discretion; and (iii) the first anniversary of the Termination Date. Any Option that remains unexercised shall be immediately forfeited upon the termination of such period;
- (d) notwithstanding that such date may be prior to the Termination Date, a Participant's eligibility to receive further grants of Options under the Plan ceases as of the date that: (i) the Corporation or a Subsidiary of the Corporation, as the case may be, provides the Participant with written notification that the Participant's employment or services are terminated in the circumstances contemplated by this Section 6.1, or (ii) the Participant provides the Corporation or a Subsidiary of the Corporation, as the case may be, with written notification of the Participant's voluntary resignation;
- (e) unless the Plan Administrator, in its discretion, otherwise determines, at any time and from time to time, Options shall not be affected by a change of employment agreement or arrangement, or directorship within or among the Corporation or a Subsidiary of the Corporation for so long as the Participant continues to be an Executive, Employee or Consultant, as applicable, of the Corporation or a Subsidiary of the Corporation.

## 6.2 Leave of Absence

If a Participant is on sick leave or other bona fide leave of absence, such Participant shall continue to be deemed a "Participant" for the purposes of an outstanding Option during the period of such leave, provided that it does not exceed 90 days (or such longer period as may be determined by the Plan Administrator in its discretion). If the period of leave exceeds 90 days (or such longer period as may be determined by the Plan Administrator in its discretion), the relationship shall be deemed to have been terminated by the Participant voluntarily on the 91st day (or the first day immediately following any period of leave in excess of 90 days as approved by the Plan Administrator) of such leave, unless the Participant's right to reemployment or reengagement of services with the Corporation or a Subsidiary of the Corporation, as applicable, is guaranteed by statute or contract.

### 6.3 **Death or Disability**

Subject to Section 4.6, where a Participant's employment or services are terminated by reason of the death of the Participant or the Participant becomes Disabled, then each Option held by the Participant that has not Vested as of the date of the death or Disability, as applicable, of such Participant shall vest on such date, and be exercisable in accordance with Section 4.8 at any time during the period that terminates on the earlier of: (i) the Expiry Date; and (ii) first anniversary of the date of the death or Disability of the Participant. Any Option that remains unexercised shall be immediately forfeited upon the termination of such period. A Participant's eligibility to receive further grants of Options under the Plan ceases as of the date of the death or Disability of the Participant.

### 6.4 **Discretion to Permit Acceleration**

Notwithstanding the provisions of this Article ARTICLE 6, subject to Sections 3.8(d) and 4.6 and any necessary Regulatory Approvals, the Plan Administrator may, in its discretion, at any time prior to, or following the events contemplated in Article ARTICLE 6, permit the acceleration of vesting of any or all Options, all in the manner and on the terms as may be authorized by the Plan Administrator, and if such discretion is taken and the vesting of any or all Options occurs, then such Options will be exercised in accordance with Section 4.8.

## **ARTICLE 7 EVENTS AFFECTING THE CORPORATION**

### 7.1 **Change in Control**

Subject to any necessary Regulatory Approvals:

- (a) Unless determined otherwise by the Plan Administrator, if within 12 months following the completion of a transaction resulting in a Change in Control, (i) a Participant's employment or directorship is terminated by the Corporation or a Subsidiary of the Corporation without Cause or (ii) a Participant resigns for Good Reason, without any action by the Plan Administrator, the vesting of all Options held by such Participant shall immediately accelerate and vest on the date of such Participant's termination or resignation for Good Reason and the Options shall be exercisable in accordance with Section 4.8 at any time during the period that terminates on the earlier of: (i) the Expiry Date; (ii) a date determined by the Plan Administrator in its discretion; and (iii) the first anniversary of the Termination Date. Any Option that remains unexercised shall be immediately forfeited upon the termination of such period.
- (b) Notwithstanding Section 7.1(a), the Plan Administrator may, without the consent of any Participant, and subject to prior TSXV acceptance pursuant to Section 8.2(a), as applicable, take such steps as it deems necessary or desirable in connection with a Change in Control, including, without limitation, to cause: (i) the conversion or exchange of any outstanding Options into or for, rights or other securities of substantially equivalent value (or greater value), as determined by the Plan Administrator in its discretion, in any entity participating in or resulting from a Change in Control; (ii) outstanding Options to vest and become realizable, or payable; (iii) restrictions applicable to an Option to lapse, in whole or in part prior to or upon consummation of such Change in Control, and, to the extent the Plan Administrator determines, terminate upon or immediately prior to the effectiveness of such Change in Control; (iv) the termination of an Option in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the settlement of such Option or realization of the Participant's rights as of the date of the occurrence of the transaction (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction the Plan Administrator determines in good faith that no amount would have been attained upon the settlement of such Option or realization of the Participant's rights, then such Option may be

terminated by the Corporation without payment); (v) the replacement of such Option with other rights or property selected by the Board in its discretion; or (vi) any combination of the foregoing. In taking any of the actions permitted under this Section 7.1(a), the Plan Administrator will not be required to treat all Options similarly in the transaction.

## 7.2 **Triggering Events**

Subject to any necessary Regulatory Approvals and notwithstanding any other provisions of the Plan or any Option Certificate, the Plan Administrator may, without the consent of the Participant in question cause all or a portion of any of the Options granted under the Plan to terminate upon the occurrence of a Triggering Event, provided that the Corporation must give written notice to the Participant in question not less than 10 days prior to the consummation of a Triggering Event so as to permit the Participant the opportunity to exercise the Vested portion of the Options prior to such termination. Upon the giving of such notice and subject to any necessary Regulatory Approvals, all Options or portions thereof granted under the Plan which the Corporation proposes to terminate shall become immediately exercisable. Notwithstanding the foregoing, if the Corporation is listed on the TSXV, no acceleration to the vesting schedule of one or more Options granted to an Investor Relations Service Provider can be made without the prior written acceptance of the TSXV.

## 7.3 **Reorganization of Corporation's Capital**

Should the Corporation effect a subdivision or consolidation of Shares or any similar capital reorganization or a payment of a stock dividend (other than a stock dividend that is in lieu of a cash dividend), or should any other change be made in the capitalization of the Corporation that does not constitute a Change in Control, or in the event of an amalgamation, combination, arrangement, merger or other transaction or reorganization involving the Corporation and occurring by exchange of Shares, by sale or lease of assets or otherwise, that does not constitute a Change in Control, that would warrant the amendment or replacement of any existing Options in order to adjust the number of Shares that may be acquired on the vesting of outstanding Options and/or the terms of any Option in order to preserve proportionately the rights and obligations of the Participants holding such Options, the Plan Administrator may, subject to the prior approval of the Exchange, if required, authorize such steps to be taken as it may consider to be equitable and appropriate to that end, including, but not limited to, permitting the immediate vesting of any unvested Options and amending the Exercise Price payable per Share. For greater certainty, neither this Section 7.3 nor any other provision in the Plan permit a Participant to receive additional security based compensation in lieu of dividends declared by the Corporation.

## 7.4 **Assumptions of Options in Acquisitions**

Notwithstanding any other provision of the Plan, in connection with a Reverse Takeover, a Change of Business, a Reorganization or an acquisition pursuant to Policy 5.3 – *Acquisitions and Dispositions of Non- Cash Assets* of the TSXV Manual, subject to prior TSXV acceptance, security based compensation of a target Company may be cancelled and replaced with substantially equivalent Options under the Plan without shareholder approval, provided that the rules of the TSXV are complied with.

## 7.5 **No Restriction on Action**

The existence of the Plan and of any Options granted hereunder shall not affect, limit or restrict in any way the right or power of the Corporation, the Board or the Corporation's shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Corporation's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Corporation or to create or issue any bonds, debentures, shares or other securities of the Corporation or the rights and conditions attaching thereto or to affect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise. No Participant or any other Person shall have any claim against any member of the Committee or the Corporation or any Employees, Officers or agents of the Corporation as a result of any such action.

## 7.6 Issue by Corporation of Additional Shares

Except as expressly provided in this ARTICLE 7, neither the issue by the Corporation of shares of any class or securities convertible into or exchangeable for shares of any class, nor the conversion or exchange of such shares or securities, affects, and no adjustment by reason thereof is to be made with respect to the number of Shares that may be acquired as a result of a grant of Options.

## 7.7 Fractions

No fractional Shares will be issued pursuant to an Option. Accordingly, if, as a result of any adjustment under this ARTICLE 7, a Participant would become entitled to a fractional Share, the Participant has the right to acquire only the adjusted number of full Shares (rounded down to the nearest whole number) and no payment or other adjustment will be made with respect to the fractional Shares, which shall be disregarded.

# ARTICLE 8 AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN

## 8.1 Discretion of the Plan Administrator

Subject to any Regulatory Approvals, including, where required, the approval of the TSXV and to Section 8.2, the Plan Administrator may, from time to time, without notice to or approval of the Participants or of the shareholders of the Corporation, amend, modify, change, suspend or terminate the Plan or any Options granted pursuant to the Plan as it, in its discretion, determines appropriate, provided, however, that, no such amendment, modification, change, suspension or termination of the Plan or any Options granted hereunder may materially impair any rights of a Participant or materially increase any obligations of a Participant under the Plan without the consent of the Participant, unless the Plan Administrator determines such adjustment is required or desirable in order to comply with any Applicable Laws or Exchange requirements or as otherwise set out in the Plan.

## 8.2 Amendment of Option or Plan

Notwithstanding Section 8.1 and subject to any rules of the Exchange, if the Corporation is listed on the TSXV, the following limitations shall apply to the Plan and all Options thereunder so long as such limitations are required by the TSXV:

- (a) any adjustment to Options, other than in connection with a security consolidation or security split, is subject to the prior acceptance of the TSXV and the issuance of a news release by the Corporation outlining the terms thereof;
- (b) any amendment to the Plan is subject to the prior acceptance of the TSXV, except for amendments to: (i) reduce the number of Shares that may be issued under the Plan, (ii) increase the Exercise Price of Options, or (iii) cancel Options;
- (c) subject to any rules of the TSXV, approval of shareholders of the Corporation shall be required for any amendment to the Plan except for amendments to: (i) fix typographical errors, and (ii) clarify existing provisions of the Plan and which do not have the effect of altering the scope, nature and intent of such provisions; and
- (d) any reduction in the Exercise Price of an Option, or extension to the Expiry Date of an Option, held by an Insider at the time of the proposed amendment is subject to disinterested shareholder approval in accordance with the policies of the TSXV and the issuance of a news release by the Corporation outlining the terms thereof.

**ARTICLE 9**  
**MISCELLANEOUS**

**9.1 Legal Requirement**

The Corporation is not obligated to grant any Options, issue any Shares or other securities, make any payments or take any other action if, in the opinion of the Plan Administrator, in its discretion, such action would constitute a violation by a Participant or the Corporation of any provision of any applicable statutory or regulatory enactment of any government or government agency or the requirements of any Exchange upon which the Shares may then be listed.

**9.2 Rights of Participant**

No Participant has any claim or right to be granted an Option and the granting of any Option is not to be construed as giving a Participant a right to remain as an Executive, Employee or Consultant of the Corporation or a Subsidiary of the Corporation. Neither the Participant nor such Participant's Personal Representatives shall have any rights whatsoever as a shareholder of the Corporation in respect of Shares issuable pursuant to any Option until the allotment and issuance to such Participant or the liquidator, executor or administrator, as the case may be, of the estate of such Participant, of certificates representing such Shares (or in the case of Shares issued in uncertificated form, receipt of evidence of a book position on the register of the shareholders of the Corporation maintained by the transfer agent and registrar of the Corporation).

**9.3 Conflict**

In the event of any conflict between the provisions of the Plan and the provisions of an Option Certificate, an employment agreement or another written agreement between the Corporation or a Subsidiary of the Corporation and a Participant, the provisions of the Plan shall govern.

**9.4 Anti-Hedging Policy**

By accepting the Option, each Participant acknowledges that he or she is restricted from purchasing financial instruments such as prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of Options.

**9.5 No Guarantee of Tax Consequences**

Neither the Plan Administrator nor the Corporation makes any commitment or guarantee that any specific tax treatment will apply or be available to the Participants.

**9.6 Participant Information**

Each Participant shall provide the Corporation with all information (including personal information) required by the Corporation in order to administer the Plan. Each Participant acknowledges that information required by the Corporation in order to administer the Plan may be disclosed to any custodian appointed in respect of the Plan and other third parties, and may be disclosed to such Persons (including Persons located in jurisdictions other than the Participant's jurisdiction of residence), in connection with the administration of the Plan. Each Participant consents to such disclosure and authorizes the Corporation to make such disclosure on the Participant's behalf.

**9.7 Participation in the Plan**

The participation of any Participant in the Plan is entirely voluntary and not obligatory and shall not be interpreted as conferring upon such Participant any rights or privileges other than those rights and privileges expressly provided in the Plan. In particular, participation in the Plan does not constitute a condition of

employment or engagement nor a commitment on the part of the Corporation to ensure the continued employment or engagement of such Participant.

**9.8 Successors and Assigns**

The Plan shall be binding on all successors and assigns of the Corporation and its affiliates.

**9.9 Severability**

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

**9.10 Notices**

All written notices to be given by the Participant to the Corporation shall be delivered by (a) hand or courier, with all fees and postage prepaid, addressed using the information specified below, or designated otherwise by the Corporation in writing; or (b) email to the email address that the parties regularly use to correspond with one another or to any other email address specified by the Corporation in writing to the Participant:

First Helium Inc.  
550-800 West Pender Street, Vancouver,  
BC V6C 2V6

Attention: Ed Bereznicki

Such notices are, if delivered by hand or by courier, deemed to have been given by the sender and received by the addressee at the time of delivery. Any notice sent by email will be deemed to have been given by the sender and received by the addressee on the first Business Day after it was transmitted. Any notice given by either the Participant or the Corporation is not binding on the recipient thereof until received.

**9.11 Effective Date and Replacement**

The Plan shall become effective upon the receipt of all required shareholder and regulatory approvals, being the Effective Date, and will replace the Prior Plan. All awards granted under the Prior Plan and which remain outstanding at the Effective Date will remain in full force and effect in accordance with their terms; however, following the Effective Date, no additional grants shall be made under the Prior Plan, and the Prior Plan will terminate on the date upon which no further Outstanding Options remain outstanding.

**9.12 Governing Law**

The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

**9.13 Submission to Jurisdiction**

The Corporation and each Participant irrevocably submits to the exclusive jurisdiction of the courts of competent jurisdiction in the Province of British Columbia in respect of any action or proceeding relating in any way to the Plan, including with respect to the grant of Options and any issuance of Shares made in accordance with the Plan.

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