

# NG ENERGY INTERNATIONAL CORP.

## NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that the annual general and special meeting (the "**Meeting**") of the shareholders of **NG ENERGY INTERNATIONAL CORP.** (the "**Company**"), will be held at Suite 3123, 595 Burrard Street, Vancouver, British Columbia, V7X 1J1, on November 30, 2022 at 10:30 a.m. (Vancouver time) for the following purposes:

1. To receive and consider the audited financial statements of the Company for the fiscal year ended December 31, 2021, together with auditor's report thereon.
2. To reappoint KPMG LLP as the auditor of the Company for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditor.
3. To fix the number of directors for the ensuing year at six.
4. To elect directors for the ensuing year.
5. To approve the Company's rolling stock option plan as amended in accordance with the new TSXV Policy 4.4 (the "**Amended Plan**"), and as more fully described in the Management Information Circular;
6. To approve the adoption of the Company's new restricted share unit and deferred share unit plan ("**RSU/DSU Plan**") as more fully described in the Management Information Circular;
7. To transact such other business as may properly be transacted at such meeting or at any adjournment thereof.

Every registered holder of Common Shares of the Company at the close of business on October 21, 2022 (the "**Record Date**") is entitled to receive notice of, and to vote their Common Shares at the Meeting. The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular accompanying this Notice, which Information Circular forms part of this Notice.

**Shareholders who are unable to attend the Meeting in person and who wish to ensure that their Common Shares will be voted at the Meeting are requested to complete, sign and deliver the enclosed form of proxy to the attention of the Secretary of the Company, c/o TSX Trust Company, 100 Adelaide Street, Suite 301, Toronto, Ontario, M5H 4H1. In order to be valid and acted upon at the Meeting, forms of proxy must be returned to the aforesaid address not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment(s) thereof. Further instructions with respect to the voting by proxy are provided in the form of proxy and in the Information Circular accompanying this Notice.**

Shareholders may beneficially own Common Shares that are registered in the name of a broker, another intermediary or an agent of that broker or intermediary ("**Non-Registered Shareholders**"). **Without specific instructions, intermediaries are prohibited from voting shares for their clients.** If you are a Non-Registered Shareholder, it is vital that the voting instruction form provided to you by your broker, intermediary or its agent is returned according to their instructions, sufficiently in advance of the deadline specified by the broker, intermediary or its agent, to ensure that they are able to provide voting instruction on your behalf.

DATED at Vancouver, British Columbia, this 21<sup>st</sup> day of October, 2022.

**BY ORDER OF THE BOARD OF DIRECTORS**

*"Serafino Iacono"*

Serafino Iacono,  
Chief Executive Officer

# **NG ENERGY INTERNATIONAL CORP.**

**Suite 3123, 595 Burrard Street  
Vancouver, British Columbia, V7X 1J1  
Phone: 604.609.6110 / Fax: 604.609.6145**

## **INFORMATION CIRCULAR**

(containing information as at October 21, 2022 unless indicated otherwise)

**For the Annual General and Special Meeting  
to be held on Wednesday, November 30, 2022**

### **SOLICITATION OF PROXIES**

This Information Circular is furnished in connection with the solicitation of proxies by the management of **NG ENERGY INTERNATIONAL CORP.** (the "**Company**") for use at the annual general and special meeting (the "**Meeting**"), of the shareholders (the "**Shareholders**") of the Company, to be held on Wednesday, November 30, 2022 at the time and place and for the purposes set forth in the accompanying notice of meeting and at any adjournment thereof. The enclosed instrument of proxy is solicited by the management of the Company. The solicitation will be primarily by mail; however, proxies may be solicited personally or by telephone by the regular officers and employees of the Company. The cost of solicitation will be borne by the Company.

### **APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the accompanying form of proxy (the "**Proxy**") are directors and/or officers of the Company. **A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) 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, A SHAREHOLDER SHALL 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. A PROXY WILL NOT BE VALID UNLESS IT IS DEPOSITED WITH THE COMPANY'S REGISTRAR AND TRANSFER AGENT, TSX TRUST COMPANY, 100 ADELAIDE STREET, SUITE 301, TORONTO, ONTARIO, M5H 4H1, NOT LESS THAN 48 HOURS (EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS) BEFORE THE TIME OF THE MEETING OR ADJOURNMENT THEREOF.**

The Proxy must be signed and dated by the Shareholder or by his attorney in writing, or, if the Shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer.

A Shareholder who has given a Proxy may revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by law, a Proxy may be revoked by instrument in writing executed by the Shareholder or by his attorney authorized in writing, or, if the Shareholder is a corporation, it must either be under its common seal, or signed by a duly authorized officer and deposited with the Company's registrar and transfer agent, **TSX Trust Company, 100 Adelaide Street, Suite 301, Toronto, Ontario, M5H 4H1**, at any time up to and including the last business day preceding the Meeting, or any adjournment of it, at which the Proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment of it. A revocation of a Proxy does not affect any matter on which a vote has been taken prior to the revocation.

### **VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES**

On any poll, the persons named in the enclosed Proxy will vote the shares in respect of which they are appointed. Where directions are given by the Shareholder in respect of voting for or against any resolution, the proxyholder will do so in accordance with such direction.

IN THE ABSENCE OF ANY INSTRUCTION IN THE PROXY, IT IS INTENDED THAT SUCH SHARES WILL BE VOTED IN FAVOUR OF THE MOTIONS PROPOSED TO BE MADE AT THE MEETING AS STATED UNDER THE HEADINGS IN THIS INFORMATION CIRCULAR. The enclosed Proxy, when properly signed,

confers discretionary authority with respect to amendments or variations to the matters which may properly be brought before the Meeting. At the time of printing 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 other matters which are not now known to the management should properly come before the Meeting, the proxies hereby solicited will be voted on such matters in accordance with the best judgment of the nominee.

In order to approve a motion proposed at the Meeting, a majority greater than one-half of the votes cast will be required unless the motion requires a special resolution, in which case a majority of not less than two-thirds of the votes cast will be required. In the event a motion proposed at the Meeting requires disinterested shareholder approval, common shares held by shareholders of the Company who have an interest in the motion and common shares held by their "associates", as such term is defined under applicable securities laws, will be excluded from the count of votes cast on such motion.

## **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

### ***General***

The authorized capital of the Company consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. There were 125,122,132 common shares of the Company issued and outstanding as of the close of business on October 21, 2022, each share carrying the right to one vote. There were no preferred shares issued and outstanding as of the close of business on October 21, 2022.

Only Shareholders of record as at the close of business on October 21, 2022 (the "**Record Date**") who either personally attend the Meeting or who have completed and delivered a form of Proxy in the manner and subject to the provisions described under the heading "Appointment and Revocation of Proxies" shall be entitled to vote, or have their common shares voted, at the Meeting, or any adjournment thereof. On any poll, each Shareholder of record holding common shares of the Company on the Record Date is entitled to one vote for each common share registered in his or her name on the list of shareholders as at the Record Date.

### ***Advice to Beneficial Holders of Common Shares***

**The information set forth in this section is of significant importance to many Shareholders as a substantial number of Shareholders do not hold common shares in their own name.** Shareholders who do not hold their common shares in their own name (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of common shares can be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those common shares will not be registered in the Shareholder's name on the records of the Company. Such common shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such common shares are registered under the name CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). The common shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their common shares are communicated to the appropriate person.**

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. The purpose of the form of proxy or voting instruction form provided to a Beneficial Shareholder by its broker, agent or nominee is limited to instructing the registered holder of the common shares on how to vote such shares on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications ("**Broadridge**"). Broadridge typically supplies a voting instruction form, mails those forms to Beneficial Shareholders and asks those Beneficial Shareholders to return the forms to Broadridge or follow specific telephone or other voting procedures. Broadridge then tabulates the results of all instructions received by it and provides appropriate instructions respecting the voting of the shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction**

**form from Broadridge cannot use that form to vote common shares directly at the Meeting. Instead, the voting instruction form must be returned to Broadridge or the alternate voting procedures must be completed well in advance of the Meeting in order to ensure such common shares are voted.**

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purpose of voting common shares registered in the name of their broker, agent or nominee, a Beneficial Shareholder may attend the Meeting as a proxyholder for a shareholder and vote common shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their common shares as proxyholder for the registered shareholder should contact their broker, agent or nominee well in advance of the Meeting to determine the steps necessary to permit them to indirectly vote their common shares as a proxyholder.

The Company will not pay for an intermediary to deliver proxy related materials and voting instruction forms to objecting beneficial owners (called OBOs for Objecting Beneficial Owners). OBOs have objected to their intermediary disclosing ownership information about themselves to the Company. Accordingly, OBOs will not receive the materials unless their intermediary assumes the costs of delivery.

The Company is not relying on the "notice-and-access" delivery procedures outlined in National Instrument 54-101 to distribute copies of the proxy related materials in connection with the Meeting.

### ***Principal Holders of Voting Shares***

To the knowledge of the directors and senior officers of the Company, as of the Record Date, there are no persons or corporations that beneficially own, directly or indirectly, or exercise control or direction over, common shares carrying more than 10% of the voting rights attached to all outstanding common shares of the Company other than:

<b>Name of Shareholder</b>	<b>Number of Shares</b>	<b>Percentage of Issued and Outstanding Shares</b>
Serafino Iacono	12,292,339	9.82%
Frank Giustra	20,585,534	16.45%

### **NORMAL COURSE ISSUER BID**

In July, 2022, the Company filed a notice of intention to make a normal course issuer bid (the “**Notice**”) with the TSX Venture Exchange (the “**NCIB**”). The NCIB commenced on July 12, 2022 and permits the Company to purchase up to 6,248,563 common shares of the Company representing approximately 5% of the issued and outstanding shares of the Company as of July 12, 2022. The NCIB is being conducted through Haywood Securities Inc. in accordance with the policies of the TSX Venture Exchange (the “**TSXV**” or the “**Exchange**”). A copy of the Notice can be obtained without charge by contacting the Company.

As of the Record Date, a total of 38,300 common shares have been purchased under its NCIB through the facilities of the TSXV at a weighted average price of \$0.98 per share. All of the common shares purchased under the NCIB have been subsequently returned to treasury and cancelled.

Management of the Company believes that from time to time, the market price of the Common Shares may not fully reflect the underlying value of the Company's business and its future prospects. Accordingly, the Company believes that having the ability to purchase the Common Shares using cash flow will be in the interest of the Company and represents an opportunity to enhance shareholder value.

### **STATEMENT OF EXECUTIVE COMPENSATION**

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

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

**"closing market price"** means the price at which the Company's security was last sold, on the applicable date, (a) in the security's principal marketplace in Canada, or (b) if the security is not listed or quoted on a marketplace in Canada, in the security's principal marketplace.

**"equity incentive plan"** means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of IFRS 2 *Share-based Payment*.

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

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

**"Named Executive Officers" or "NEOs"** means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(b) of Form 51-102F6 for that financial year; and
- (d) each individual who would be a NEO under (c) above, but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

**"non-equity incentive plan"** means an incentive plan or portion of an incentive plan that is not an equity incentive plan.

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

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

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

## COMPENSATION DISCUSSION AND ANALYSIS

The compensation of the Company's Named Executive Officers has been established with a view to attracting and retaining executives critical to the Company's short and long-term success and to continue providing executives with compensation that is in accordance with existing market standards generally and competitive within the mining industry, in particular.

Compensation of the Company's Named Executive Officers is comprised of a base salary and the grant of options to purchase common shares under the Company's stock option plan (as more particularly described below). Through its executive compensation practices, the Company seeks to provide value to its shareholders through a strong executive leadership. Specifically, the Company's executive compensation structure seeks to attract and retain talented and experienced executives necessary to achieve the Company's strategic objectives, motivate and reward executives whose knowledge, skills and performance are critical to the Company's success, align the interests of the Company's executives and shareholders by motivating executives to increase shareholder value.

Within the context of the overall objectives of the Company's compensation practices, the Company determined the specific amounts of compensation to be paid to each of its executives during the year ended December 31, 2021 based on a number of factors, including the Company's understanding of the amount of compensation generally paid by similarly situated companies to their executives with similar roles and responsibilities; the Company's executive performance during the fiscal year, the roles and responsibilities of the Company's executives, the individual

experience and skills of, and expected contributions from, the Company's executives, the Company's executives' historical compensation and performance within the Company, and any contractual commitments the Company has made to its executives regarding compensation.

The board of directors of the Company (the "**Board of Directors**" or "**Board**") has not conducted a formal evaluation of the implications of the risks associated with the Company's compensation policies. Risk management is a consideration of the Board of Directors when implementing its compensation policies and the Board of Directors do not believe that the Company's compensation policies result in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Company.

### ***Base Salary***

The Company's approach is to pay its executives a base salary that is competitive with those of other executive officers in similar companies. The Company believes that a competitive base salary is a necessary element of any compensation program that is designed to attract and retain talented and experienced executives. The Company also believes that attractive base salaries can motivate and reward executives for their overall performance.

### ***Option Based Awards***

The Company has in effect a stock option plan (the "**Stock Option Plan**") in order to provide effective incentives to directors, officers, senior management personnel, employees and consultants of the Company and to enable the Company to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for the Company's Shareholders. The Company has no equity compensation plans other than the Stock Option Plan. The Stock Option Plan is an important part of the Company's long-term incentive strategy for its executive officers, permitting them to participate in any appreciation of the market value of the common shares over a stated period of time. 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 Company also grants options to charitable organizations as part of its commitment to social responsibility.

### ***Use of Financial Instruments***

The Company does not have a policy that would prohibit a Named Executive Officer or director from purchasing financial instruments, including 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 equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director. However, management is not aware of any Named Executive or director purchasing such an instrument.

### ***Named Executive Officers Compensation***

In accordance with the provisions of applicable securities legislation, the Company had two (2) Named Executive Officers during the financial year ended December 31, 2021 namely Serafino Iacono and Marianella Bernal.

The following table sets out certain information respecting the compensation paid to the Named Executive Officers of the Company during the financial year ended December 31, 2021. These individuals are referred to collectively as "**Named Executive Officers**" or "**NEOs**". All amounts are presented in US Dollars "\$", unless otherwise denoted to be in Canadian Dollars "C\$".

**SUMMARY COMPENSATION TABLE**

NEO Name And Principal Position	Financial Year ended December 31	Salary (\$)	Share- based awards (\$)	Option- based awards (1) (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other comp- ensation (2) (\$)	Total comp- ensation (\$)
					Annual incenti- ve plans	Long- term incentive plans			
Serafino Iacono CEO & Director	2021	125,000	Nil	112,513	Nil	Nil	Nil	Nil	237,513
	2020	Nil	Nil	263,130	Nil	Nil	Nil	Nil	263,130

NEO Name And Principal Position	Financial Year ended December 31	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation <sup>(2)</sup> (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
	2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Marianella Bernal CFO	2021	88,020	Nil	56,257	Nil	Nil	Nil	30,958	175,235
	2020	61,630	Nil	96,079	Nil	Nil	Nil	12,245	169,954
	2019	34,573	Nil	23,479	Nil	Nil	Nil	Nil	58,052

**Notes:**

- (1) For option awards, the fair value of awards on the grant date reflects the number of options awarded multiplied by the grant date fair value price calculated using the Black-Scholes valuation methodology, including the key assumptions and estimates as described in the Company's audited financial statements for the applicable financial year.
- (2) In regards to Ms. Marianella Bernal, relates to bonus compensation received in 2021. Ms. Bernal was appointed as Chief Financial Officer on June 26, 2019.

**INCENTIVE PLAN AWARDS**

The Company has in place its Stock Option Plan which was approved at the Company's annual general meeting held on November 29, 2021, pursuant to which its directors, officers, employees, consultants and eligible charitable organizations may be granted options to acquire common shares of the Company, subject to shareholder and regulatory approval. A maximum of 10% of the issued common shares of the Company, from time to time, may be reserved for issuance pursuant to the exercise of options.

Under the policies of the Exchange, a rolling stock option plan, such as the Company's, must be approved by Shareholders on a yearly basis.

For details on the Stock Option Plan, including proposed amendments to be made in accordance with the Exchange new Policy 4.4 Security Based Compensation (the "New Policy 4.4") governing security-based compensation. See "Particulars of Other Matters to be Acted Upon – Approved and Adoption of Amended Stock Option Plan".

In addition to the Stock Option Plan, the Company is proposing to adopt a Restricted Share Unit/Deferred Share Unit Plan (the "RSU/DSU Plan") to form part of its Incentive Awards Plans going forward. For details on the RSU/DSU Plan, see "Particulars of Other Matters to be Acted Upon – Approval and Adoption of Restricted Share Unit and Deferred Share Unit Plan".

The following table sets forth information concerning all incentive plan awards outstanding at the end of the financial year ended December 31, 2021 for each Named Executive Officer.

**OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS TABLE**

NEO Name and Position	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (C\$)	Option expiration date	Value of unexercised in-the-money options (C\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Marianella Bernal CFO	110,000	0.45	29-Jul-29	204,600	Nil	Nil	Nil
	155,000	0.275	24-Jun-30	315,425	Nil	Nil	Nil
	150,000	1.00	25-Nov-30	196,500	Nil	Nil	Nil
	100,000	0.91	15-Jul-31	140,000	Nil	Nil	Nil

NEO Name and Position	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (C\$)	Option expiration date	Value of unexercised in-the-money options (C\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Serafino Iacono CEO & Director	155,000	0.275	24-Jun-30	315,425	Nil	Nil	Nil
	500,000	1.00	25-Nov-30	655,000	Nil	Nil	Nil
	200,000	0.91	15-Jul-31	280,000	Nil	Nil	Nil

**Note:**

(1) Calculated based on the closing market price of the common shares of the Company on the Exchange on December 31, 2021 of C\$2.31.

***Incentive Plan Awards – Value Vested or Earned During the Year Ended December 31, 2021***

Although an aggregate of 300,000 stock options were granted to the aforesaid Named Executive Officers during the year ended December 31, 2021, the market price of the common shares on the date of grant did not exceed the exercise price and, accordingly, the value vested or earned was nil. None of the Named Executive Officers exercised their stock options during the year ended December 31, 2021.

**PENSION PLAN BENEFITS**

No pension, retirement or deferred compensation plans, including defined contribution plans, have been instituted by the Company and none are proposed at this time.

**TERMINATION AND CHANGE OF CONTROL BENEFITS**

The Company has entered into agreements with its Named Executive Officers which contain terms relating to duties, salaries, compensation, benefits, termination, change of control and severance. The following sets out further details for each NEO relating to their agreements with the Company with respect to other terms of their contracts.

Pursuant to an Employment Agreement dated June 4, 2019 between the Company and Ms. Bernal, the Chief Financial Officer for the Company, the Company agreed to pay to Ms. Bernal a base salary of USD\$5,200 per month. In the event that Ms. Bernal elects to terminate her employment with the Company or if the agreement is terminated by the Company, thirty (30) days proper notice is required. In the event that Ms. Bernal is terminated by the Company not for cause, the Company must pay Ms. Bernal a termination fee equal to 30 days salary.

The Company and Mr. Iacono entered into an employment agreement dated November 24, 2021, in connection with Mr. Iacono's role as Chief Executive Officer for the Company. Pursuant to this agreement, Mr. Iacono is entitled to receive an annual salary in the amount of US\$250,000 (the "Base Salary") and at the discretion of the Board or Board's Compensation Committee, Mr. Iacono is entitled to receive annual bonuses. In the event that the agreement is terminated without cause by the Company, Mr. Iacono is entitled to receive a lump sum equal to twenty-four months of the Base Salary in effect at the time of payment. In the event of termination of the agreement following a change of control (as defined therein), Mr. Iacono is entitled to receive a lump sum payment equal to twenty-four months of the Base Salary in effect at the time of termination, a lump sum payment equal to two (2) time his average annual bonus for the preceding two years, and all previously granted options shall vest immediately and shall be exercisable for the original term granted.

***Trust and Contribution Agreements***

The Company is party to a Trust Agreement and a Contribution Agreement, each dated November 21, 2021, whereby it has established a trust (the "Trust") for members of management and the Executive Committee of the Board of

Directors, and has agreed to pay to the Trust a success fee upon the completion of a Transaction or series of Transactions. As defined in the Contribution Agreement, a “Transaction” is: (a) any merger, consolidation, reorganization, recapitalization, restructuring, leveraged buyout, business combination, or other transaction pursuant to which the Company is acquired by, or combined with, a third party (including any joint venture, partnership or strategic alliance) or (b) the acquisition, directly or indirectly, by a third party, in a single transaction or series of transactions, of (i) any assets or operations of the Company (including by way of any lease, license, exchange or other means) or (ii) any outstanding shares of the Company’s capital stock (including any newly-issued shares of capital stock and shares issuable upon the conversion or exercise of any securities convertible into, or options, warrants or other rights to acquire, such capital stock) ; or (c) a sale or spin-off of any material assets, of 5% or more of the capital stock, of any subsidiary of the Company, or any transaction or series of Transactions which has the effect of altering the capitalization of the Company. Where a change of control (as defined in the Contribution Agreement) accompanies the Transaction, the success fee will be equal to 2% of the aggregate transaction value (as defined in the Contribution Agreement). As at the date of this Statement of Executive Compensation none of the Transaction criteria had been met and no funds have been paid to the Trust.

## DIRECTOR COMPENSATION

During the financial year ended December 31, 2021, the Company had one (1) director who was also a Named Executive Officer of the Company, namely Serafino Iacono. The following table sets out the amounts of compensation paid to the directors of the Company that were not NEOs of the Company during the financial year ended December 31, 2021. All amounts are presented in US Dollars "\$", unless otherwise denoted to be in Canadian Dollars “C\$”.

**DIRECTORS COMPENSATION TABLE**

Name	Fees earned (\$) <sup>(1)</sup>	Share-based awards (\$)	Option-based awards (\$) <sup>(2)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Gordon Keep	22,917	Nil	112,513	Nil	Nil	Nil	135,430
Federico Restrepo-Solano	22,917	Nil	112,513	Nil	Nil	Nil	135,430
Ronald Pantin	22,917	Nil	112,513	Nil	Nil	Nil	135,430
Donald Jeffrey Harder	22,917	Nil	196,899	Nil	Nil	Nil	219,816
Humberto Calderon Berti	22,917	Nil	196,899	Nil	Nil	Nil	219,816

**Notes:**

- (1) Director fees of US\$50,000 per year were paid to independent directors of the Company on a quarterly basis beginning July 15, 2021.
- (2) For option awards, the fair value of awards on the grant date reflects the number of options awarded multiplied by the grant date fair value price calculated using the Black-Scholes valuation methodology, including the key assumptions and estimates as described in the Company's audited financial statements for the applicable financial year.

## Narrative Discussion

All independent directors who are not considered management of the Company received a director’s fee every quarter in the amount of US\$12,500. Stock options are granted to the directors of the Company as an incentive and appreciation for their time and efforts provided to the Company.

## SHARE-BASED AWARDS, OPTION-BASED AWARDS AND NON-EQUITY PLAN COMPENSATION

The following table sets forth information concerning all awards outstanding at the end of the financial year ended December 31, 2021, for each Director or former Director of the Company.

**OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS TABLE**

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (C\$)	Option expiration date	Value of unexercised in-the-money options (C\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Gordon Keep	75,000	8.00	8-Aug-27	Nil	N/A	N/A	N/A
	7,500	6.10	22-Aug-26	Nil	N/A	N/A	N/A
	225,000	0.45	29-Jul-29	418,500	N/A	N/A	N/A
	155,000	0.275	24-Jun-30	315,425	N/A	N/A	N/A
	300,000	1.00	25-Nov-30	393,000	N/A	N/A	N/A
	200,000	0.91	15-Jul-31	280,000	N/A	N/A	N/A
Serafino Iacono	155,000	0.275	24-Jun-30	315,425	N/A	N/A	N/A
	500,000	1.00	25-Nov-30	655,000	N/A	N/A	N/A
	200,000	0.91	15-Jul-31	280,000	N/A	N/A	N/A
Ronald Pantin	500,000	0.45	29-Jul-29	930,000	N/A	N/A	N/A
	155,000	0.275	24-Jun-30	315,425	N/A	N/A	N/A
	300,000	1.00	25-Nov-30	393,000	N/A	N/A	N/A
	200,000	0.91	15-Jul-31	280,000	N/A	N/A	N/A
Federico Restrepo-Solano	10,000	8.00	8-Aug-27	Nil	N/A	N/A	N/A
	225,000	0.45	29-Jul-29	418,500	N/A	N/A	N/A
	155,000	0.275	24-Jun-30	315,425	N/A	N/A	N/A
	300,000	1.00	25-Nov-30	393,000	N/A	N/A	N/A
	200,000	0.91	15-Jul-31	280,000	N/A	N/A	N/A
Donald Jeffrey Harder	350,000	0.91	15-Jul-31	490,000	N/A	N/A	N/A
Humberto Calderon Berti	350,000	0.91	15-Jul-31	490,000	N/A	N/A	N/A

**Notes:**

- (1) Calculated based on the closing market price of the common shares of the Company on the Exchange on December 31, 2021 of C\$2.31.
- (2) Mr. Giustra served as a Director of the Company from May 29, 2017 to July 15, 2021. Mr. Giustra's options were forfeited on July 15, 2021.

***Incentive Plan Awards – Value Vested or Earned During the Year Ended December 31, 2021***

None of the directors exercised their stock options during the year ended December 31, 2021.

**MANAGEMENT CONTRACTS**

Management functions of the Company or any of its subsidiaries are not to any substantial degree performed by a person other than the directors or executive officers of the Company.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets out particulars of the compensation plans under which equity securities of the Company are authorized for issuance as of December 31, 2021.

**EQUITY COMPENSATION PLAN INFORMATION**

<b>Plan Category</b>	<b>A Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>B Weighted average exercise price of outstanding options, warrants and rights</b>	<b>C Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column A)</b>
Equity compensation plans approved by securityholders <sup>(1)</sup>	9,915,400	\$1.17	2,077,616
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
<b>TOTALS:</b>	<b>9,915,400</b>	<b>\$1.17</b>	<b>2,077,616</b>

**Note:**

(1) Represents the Stock Option Plan of the Company. As at December 31, 2021 the Stock Option Plan reserved shares equal to a maximum of 10% of the issued and outstanding common shares of the Company from time to time for issue pursuant to the Stock Option Plan.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Other than "routine indebtedness" as defined in applicable securities legislation, since January 1, 2021, being the beginning of the fiscal year of the Company ended December 31, 2021, none of:

- (a) the executive officers, directors, employees and former executive officers, directors and employees of the Company or any of its subsidiaries;
- (b) the proposed nominees for election as a director of the Company; or
- (c) any associates of the foregoing persons;

is or has been indebted to the Company or any of its subsidiaries or has been indebted to any other entity where that indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, and which was not entirely repaid on or before the date of this Information Circular.

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

No person who has been a director, senior officer or insider of the Company, no proposed nominee for director 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 matters to be acted upon at the Meeting other than the election of directors.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

For purposes of the following discussion, "**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 a subsidiary of the Company; (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company, other than the voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Except as disclosed elsewhere in this Information Circular or in the Notes to the Company's financial statements for the financial year ended December 31, 2021, none of:

- (a) the Informed Persons of the Company;
- (b) the proposed nominees for election as a director of the Company; or

(c) any associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, in any transaction since the commencement of the Company's financial year ended December 31, 2021 or in any proposed transaction which has materially affected or would materially affect the Company or any subsidiary of the Company.

### **FINANCIAL STATEMENTS**

The audited financial statements of the Company for the period ended December 31, 2021 (the "**Financial Statements**"), together with the Auditor's Report thereon, will be presented to Shareholders at the Meeting. The Financial Statements, the Auditor's Report thereon together with related Management's Discussion and Analysis for the financial years ended December 31, 2021 are available on SEDAR at [www.sedar.com](http://www.sedar.com). The Notice of Annual General and Special Meeting of Shareholders, Information Circular, Request for Financial Statements and form of Proxy will be available from the Company's Registrar and Transfer Agent, TSX Trust Company, 100 Adelaide Street, Suite 301, Toronto, Ontario, M5H 4H1, or from the Company's head office located at Suite 3123, 595 Burrard Street, PO Box 49139, Bentall Three, Vancouver, British Columbia, V7X 1J1.

### **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.

### **FIXING THE NUMBER OF DIRECTORS AND ELECTION OF DIRECTORS**

The persons named in the enclosed Proxy intend to vote in favour of fixing the number of directors at six (6). Management is nominating six individuals to stand for election.

Each director of the Company is elected annually and holds office until the next annual general meeting of the Shareholders of the Company, until his successor is duly elected, or until his resignation as a director.

In the absence of instructions to the contrary, the shares represented by Proxy will be voted for the nominees herein listed. Management does not contemplate that any of the nominees will be unable to serve as a director.

### **INFORMATION CONCERNING NOMINEES SUBMITTED BY MANAGEMENT**

The following table sets out the names of the persons proposed to be nominated by management for election as a director, the Province and Country in which each person is ordinarily resident, the positions and offices which each presently holds with the Company, the period of time for which each person has been a director of the Company, the respective principal occupations or employment during the past five years if such nominee is not presently an elected director and the number of common shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular.

The nominees for the office of director and information concerning them as furnished by the individual nominees are as follows:

<b>Name, Province or State and Country of Residence, and Position with the Company <sup>(1)</sup></b>	<b>Present Principal Occupation, Business or Employment <sup>(1)</sup></b>	<b>Date Served as Director Since</b>	<b>No. of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup></b>
Serafino Iacono Bogota, Colombia <i>Chief Executive Officer and a Director</i>	CEO of NG Energy International Corp. Inc. and Executive Chairman & Chief Executive Officer of Denarius Metals Corp.	June 3, 2019	12,292,339 <sup>(2)</sup>

Name, Province or State and Country of Residence, and Position with the Company <sup>(1)</sup>	Present Principal Occupation, Business or Employment <sup>(1)</sup>	Date Served as Director Since	No. of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup>
Gordon Keep British Columbia, Canada <i>Director</i>	CEO of Fiore Management and Advisory Corp. (private financial advisory firm).	July 9, 2017	2,240,796
Federico Restrepo-Solano Bogota, Colombia <i>Director</i>	Partner and Corporate Director of Quartz Capital Partners, a strategic advisory firm, and Senior Vice-President of Corporate Affairs with Frontera Energy and its predecessor, Pacific Exploration and Production	June 3, 2019	1,780,688
Ronald Pantin Cocle, Panama <i>Executive Chairman and a Director</i>	Executive Chairman of NG Energy International Corp.	September 3, 2019	1,090,000
D. Jeffrey Harder British Columbia, Canada <i>Director</i>	Financial advisory professional and a retired Deloitte LLP partner	July 15, 2021	10,500
Humberto Calderon Berti Madrid, Spain <i>Director</i>	Mr. Calderon was the Ambassador of Venezuela in Colombia from February 2011 to 2019. Prior thereto he was the President of the board of directors of VETRA E&P Colombia from 2015 to 2019 and the President of VETRA ENERGIA SL from 2003 to 2015. Mr. Calderon previously served as the President of Petróleos de Venezuela, S.A. from 1983 to 1984, the Minister of Mines and Hydrocarbons in Venezuela from 1979 to 1983 and the President of the Organization of Petroleum Exporting Countries (OPEC) from 1979 to 1980. Mr. Calderon is a Geologist with a M.Sc. in Petroleum Engineering	July 15, 2021	Nil

**Notes:**

- (1) *The information as to the Province and Country of residence, principal occupation and shares beneficially owned or over which a director exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective directors individually as of the Record Date of this Information Circular.*
- (2) *Mr. Iacono indirectly owns 11,599,639 Common Shares through Brockville International Holdings Ltd. and Black Swan Finance Corp., Companies owned and controlled by Mr. Iacono, directly owns 15,000 common shares and beneficially owns 677,700 Common Shares through Orinoquia Capital Corp.*

Pursuant to National Instrument 52-110, the Company is required to have an Audit Committee of its Board of Directors. The current members of the Audit Committee are D. Jeffrey Harder (Chairman), Gordon Keep and Federico Restrepo-Solano. The Board of Directors also has a Compensation Committee, the current members of which are Gordon Keep, D. Jeffrey Harder and Federico Restrepo-Solano, a Corporate Governance Committee, the current members of which are Gordon Keep, D. Jeffrey Harder and Humberto Calderon Berti and a Reserves Committee, the current members are Ronald Pantin, Federico Restrepo-Solano and Humberto Calderon Berti.

Except as disclosed below, none of the proposed nominees for director have been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company that:

- (a) while that person was acting in that capacity, was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days;
- (b) while that person was acting in that capacity, was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease

trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; or

- (c) while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (d) has been subject to:
  - (i) 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 since December 31, 2000 or before December 31, 2000 the disclosure of which would likely be important to a reasonable security holder in deciding whether to vote for a proposed director; or
  - (ii) 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.

Gordon Keep, was a director of Rusoro Mining Ltd. (“Rusoro”) on May 21, 2013 when the British Columbia Securities Commission (“BCSC”) issued a cease trade order against Rusoro for failure to file its audited financial statements for the year ended December 31, 2012 and related MD&A. On June 5, 2013 and June 7, 2013, respectively, similar cease trade orders were issued against Rusoro by the Ontario Securities Commission (“OSC”) and the Autorite des Marches Financiers (“AMF”). On August 21, 2013 (BCSC), August 28, 2013 (AMF) and September 4, 2013 (OSC) granted full revocations of the cease trade order issued by each of them. Rusoro was unable to file its December 31, 2012 financial statements and MD&A by the required filing deadline because it experienced significant delays in preparing them due to the nationalization by the Venezuelan government of Rusoro’s gold mining assets in Venezuela.

Mr. Iacono was a director and Mr. Pantin was Chief Executive Officer and a director of Pacific Exploration & Production Corp. (“Pacific”), which undertook a comprehensive recapitalization and financing transaction that was implemented pursuant to a proceeding under the Companies Creditors’ Arrangement Act, together with appropriate proceedings in Colombia under Ley 1116 of 2006 and in the United States under chapter 15 of title 11 of the United States Code, ultimately implemented by way of a plan of arrangement and compromise on November 2, 2016. Effective November 2, 2016, Messrs. Iacono and Pantin resigned from the board of directors and effective October 31, 2016, Mr. Iacono retired from his position as Executive Co-Chairman. Effective November 30, 2016, Mr. Pantin retired from his position as Chief Executive Officer.

Messrs. Iacono and Pantin were directors of US Oil Sands Inc. (“**US Oil Sands**”). Mr. Iacono was a director from October 2013 until his resignation in June 2017 and Mr. Pantin was a director from October 2013 until his resignation in January 2017. On September 14, 2017, the Court of Queen’s Bench, Alberta granted the application of the primary creditor of US Oil Sands to appoint a receiver and manager over all the assets, undertakings and property of US Oil Sands. Such appointment continues as of the date hereof.

Mr. Iacono has served as a director of Pacific Coal Resources Ltd. (“**Pacific Coal**”) (now Caribbean Resources Corporation) since January of 2011, in which he was subject to a management cease trade order (since lifted) due to that company’s delay in filing its annual financial statements and management’s discussion and analysis, and certifications for the period ending December 31, 2014, which were due to be filed on April 30, 2015, as required under National Instrument 51-102 – Continuous Disclosure Obligations. Such documents were subsequently filed with the applicable securities regulators on June 15, 2015. With the approval of the Ontario Securities Commission, Caribbean Resources Corporation ceased to be a reporting issuer on April 14, 2016.

On May 4, 2021, the Company was granted a Management Cease Trade Order (“**MCTO**”) pursuant to National Policy 12-203 – Cease Trade Orders for Continuous Disclosure Defaults, which precluded Mr. Iacono and Ms. Bernal from trading common shares in the Company until such time as the MCTO was no longer in effect. The MCTO was sought by the Company as it would not be filing certain financial statements, related management discussion and analysis and applicable officer certifications (the “**Materials**”) by the required deadline. On July 2, 2021, the MCTO was lifted after the Company filed the required materials.

### **AUDIT COMMITTEE DISCLOSURE**

The charter of the Company's audit committee and the other information required to be disclosed by Form 52-110F2 are attached as Schedule "A".

### **CORPORATE GOVERNANCE**

The information required to be disclosed by National Instrument 58-101 *Disclosure of Corporate Governance Practices* is attached to this Information Circular as Schedule "B".

### **RE-APPOINTMENT AND REMUNERATION OF AUDITOR**

The Board proposes the re-appointment of KPMG LLP, Chartered Accountants, Calgary, Alberta, as the auditors of the Company, to hold office until the next annual meeting of the Company's shareholders and the remuneration to be fixed by the Board of Directors, and the persons named in the enclosed Proxy intended to vote in favour of such re-appointment. KPMG LLP have been auditors of the Company since October 15, 2021.

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

#### ***Approval and Adoption of Amended Stock Option Plan***

As of the Record Date, options to purchase 12,526,293 common shares were outstanding.

The Company's Stock Option Plan which was approved at the Company's annual general and meeting held on November 29, 2021, pursuant to which its directors, officers, employees, consultants and eligible charitable organizations may be granted options to acquire common shares of the Company, subject to shareholder and regulatory approval. A maximum of 10% of the issued common shares of the Company, from time to time, may be reserved for issuance pursuant to the exercise of options.

Under the policies of the Exchange, a rolling stock option plan, such as the Company's, must be approved by Shareholders on a yearly basis.

On November 24, 2021, the Exchange adopted a new policy, Policy 4.4 Security Based Compensation (the "**New Policy 4.4**") governing security-based compensation. The changes to the policy relate to, among other things, the expansion of the policy to cover a number of types of security-based compensation in addition to stock options.

Accordingly, at the Meeting, Shareholders will be asked to pass an Ordinary Resolution approving the Company's Stock Option Plan, as amended in accordance with the New Policy 4.4 (the "**Amended Stock Option Plan**"). A summary of the material provisions of the Amended Stock Option Plan are as follows:

Details of the Amended Stock Option Plan are as follows:

- (a) the Amended Stock Option Plan reserves, for issuance pursuant to the exercise of stock options, Common Shares of the Company equal to up to a maximum of 10% of the issued Common Shares of the Company at the time of any stock option grant;
- (b) under the New Policy, an optionee must either be an Eligible Charitable Organization or a Director, Officer, Employee, Consultant or Management Company Employee of the Company at the time the option is granted in order to be eligible for the grant of a stock option to the optionee;
- (c) the aggregate number of options granted to any one Person (and companies wholly owned by that Person) in a 12 month period under this Amended Stock Option Plan and any other Security Based Compensation must not exceed 5% of the issued Common Shares of the Company calculated on the date an option is granted to the Person (unless the Company has obtained the requisite Disinterested Shareholder Approval);
- (d) the aggregate number of options granted to any one Consultant in a 12 month period under this Amended Stock Option Plan and any other Security Based Compensation must not exceed 2% of the issued Common Shares of the Company, calculated at the date an option is granted to the Consultant;

- (e) the aggregate number of options granted to all Investor Relations Service Providers must not exceed 2% of the issued shares of the Company in any 12 month period, calculated at the date an option is granted to any such Person;
- (f) if the Common Shares are listed for trading on the Exchange, then, notwithstanding anything in the Amended Stock Option Plan to the contrary, the aggregate number of Common Shares that may be issued to Insiders (as a group) pursuant to Options granted under the Amended Stock Option Plan and under any other Security Based Compensation, must not exceed 10% of the outstanding Shares at any point in time, unless the Company has obtained the requisite Disinterested Shareholder Approval;
- (g) if the Common Shares are listed for trading on the Exchange then, notwithstanding anything in the Amended Stock Option Plan to the contrary, the aggregate number of Common Shares that may be issued to Insiders (as a group) pursuant to Options granted under the plan and under any other Security Based Compensation in any 12 month period shall not exceed 10% of the outstanding Shares at the time of the grant, unless the Company has obtained the requisite Disinterested Shareholder Approval;
- (h) options issued to Investor Relations Service Providers must vest in stages over a period of not less than 12 months with no more than 1/4 of the options vesting in any 3 month period;
- (i) the minimum exercise price per Common Share of a stock option must not be less than the Market Price of the Common Shares of the Company;
- (j) options can be exercisable for a maximum of 10 years from the date of grant (subject to extension where the expiry date falls within a "blackout period" (see (o) below);
- (k) stock options (other than options held by Investor Relations Service Providers) will cease to be exercisable 90 days after the optionee ceases to be a Director (which term includes a senior officer), Employee, Consultant, Eligible Charitable Organization or Management Company Employee otherwise than by death, or for a "reasonable period" not exceeding 12 months after the optionee ceases to serve in such capacity, as determined by the Board. Stock options granted to Investor Relations Service Providers will cease to be exercisable 30 days after the optionee ceases to serve in such capacity otherwise than by death, or for a "reasonable period" after the optionee ceases to serve in such capacity, as determined by the Board;
- (l) all options are non-assignable and non-transferable;
- (m) Disinterested Shareholder Approval will be obtained for any reduction in the exercise price of a stock option, or the extension of the term of a stock option, if the optionee is an Insider of the Company at the time of the proposed amendment;
- (n) the Amended Stock Option Plan contains provisions for adjustment in the number of Common Shares or other property issuable on exercise of a stock option, subject to prior acceptance of the TSX Venture Exchange, in the event of an amalgamation, merger, arrangement, reorganization, spin-off, dividend or recapitalization, other than in connection with a share consolidation or split;
- (o) upon the occurrence of an Accelerated Vesting Event (as defined in the Amended Stock Option Plan), the Board will have the power, at its sole discretion and subject to the prior acceptance of the Exchange, to make such changes to the terms of stock options as it considers fair and appropriate in the circumstances, including but not limited to: (a) accelerating the vesting of stock options, conditionally or unconditionally; (b) terminating every stock option if under the transaction giving rise to the Accelerated Vesting Event, options in replacement of the stock options are proposed to be granted to or exchanged with the holders of stock options, which replacement options treat the holders of stock options in a manner which the Board considers fair and appropriate in the circumstances having regard to the treatment of holders of Common Shares under such transaction; (c) otherwise modifying the terms of any stock option to assist the holder to tender into any take-over bid or other transaction constituting an Accelerated Vesting Event; or (d) following the successful completion of such Accelerated Vesting Event, terminating any stock option to the extent it has not been exercised prior to successful completion of the Accelerated Vesting Event. The determination of the Board

in respect of any such Accelerated Vesting Event shall for the purposes of the Stock Option Plan be final, conclusive and binding;

- (p) in connection with the exercise of an option, as a condition to such exercise the Company shall require the optionee to pay to the Company an amount as necessary so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local laws relating to the withholding of tax or other required deductions relating to the exercise of such option; and
- (q) a stock option will be automatically extended past its expiry date if such expiry date falls within a blackout period during which the Company prohibits optionees from exercising their options, subject to the following requirements: (a) the blackout period must (i) be formally imposed by the Company pursuant to its internal trading policies; and (ii) must expire following the general disclosure of undisclosed Material Information; (b) the automatic extension of an optionee's stock option will not be permitted where the optionee or the Company is subject to a cease trade order (or similar order under Securities Laws) in respect of the Company's securities; and (d) the automatic extension is available to all Eligible Persons under the same terms and conditions.

"Consultant", "Director", "Disinterested Shareholder Approval", "Eligible Charitable Organization", "Employee", "Investor Relations Activities", "Investor Relations Service Provider", "Management Company Employee", "Market Price", "Material Information", "Person", "Securities Laws" and "Security Based Compensation" all have the same definition as in the policies of the Exchange.

Pursuant to the Board's authority to govern the implementation and administration of the Amended Stock Option Plan, all previously granted and outstanding stock options shall be governed by the provisions of the Amended Stock Option Plan.

A copy of the Amended Stock Option Plan is available on request from the Company and a copy will be available for viewing at the Meeting.

The text of the resolution to be passed is as follows. In order to be passed, a majority of the votes cast at the Meeting or in person or by proxy must be voted in favour of the resolution. **Management recommends and, unless otherwise directed, the persons named in the enclosed Proxy intend to vote FOR such resolution:**

**"BE IT RESOLVED THAT** the Company's Amended Stock Option Plan be and is hereby ratified, confirmed and approved with such additional provisions and amendments, provided that such are not inconsistent with the Policies of the TSX Venture Exchange, as the directors of the Company may deem necessary or advisable."

***Approval and Adoption of Restricted Share Unit and Deferred Share Unit Plan ("RSU/DSU Plan")***

The Company is proposing to approve a restricted share unit and deferred share unit compensation plan (the "RSU/DSU Plan") of the Company. A copy of the RSU/DSU Plan is available on request from the Company and will be available for viewing at the Meeting.

On October 21, 2022, the Board approved the adoption of a fixed number restricted share unit and deferred share unit plan. The implementation of the RSU/DSU Plan is intended to provide a vehicle by which equity-based incentives may be awarded to the Directors, Employees, Consultants and other persons or companies engaged to provide ongoing services to the Company and its Affiliates, other than persons involved in Investor Relations Activities relating to the Company (as such terms are defined in the RSU/DSU Plan) (collectively, the "Eligible Persons"), to recognize and reward their significant contributions to the long-term success of the Company and to align their interests more closely with Shareholders, as well as to bring the Company's compensation policies in line with trends in industry practice, and to preserve working capital of the Company by paying Eligible Persons with compensation in the form of share-based awards as opposed to cash. Pursuant to the RSU/DSU Plan, the Board (or a committee thereof) may grant restricted share unit awards ("RSUs") and deferred share unit awards ("DSUs" and collectively with the RSUs, "Awards") as incentive payments to eligible persons. The Board intends to use the Awards as part of the Company's overall executive compensation plan.

The maximum number of Awards that may be reserved for issuance under the RSU/DSU Plan is 12,512,213.

#### RSU/DSU Plan

The implementation of the RSU/DSU Plan is intended to provide a vehicle by which equity-based incentives may be awarded to the Eligible Persons to recognize and reward their significant contributions to the long-term success of the Company and to align their interests more closely with the Shareholders, as well as to bring the Company's compensation policies in line with trends in industry practice, and to preserve working capital of the Company by paying Eligible Persons with compensation in the form of share-based awards as opposed to cash. Eligible Persons who are granted RSUs or DSUs under the RSU/DSU Plan are collectively referred to herein as "Participants" or "Grantees". Under the RSU/DSU Plan, settlement of RSUs or DSUs shall be made by payment of (i) delivery of one Common Share for each such RSU or DSU then being settled; or (ii) subject to approval of the Board in its sole discretion, a cash equivalent.

RSUs are performance-based share units which will be granted to Eligible Persons under the RSU/DSU Plan based on both individual and corporate performance criteria as determined by the Board or the Granting Authority (as such term is defined in the RSU/DSU Plan). The RSUs vest and are paid out to the Participant at no later than three years after the year in which the RSUs were granted. Non-vested RSUs are forfeited if the Participant voluntarily leaves his or her employment with the Company. RSUs provide the Company with a more transparent and objective tool for rewarding performance or compensating Participants, while providing the Participant with a better defined incentive award.

The RSU/DSU Plan also makes provision for the use of DSUs as partial payment of an Eligible Person's fees. A DSU is a notional share that has the same value as one Common Share as at the grant date. DSUs are paid out to the Participant as Common Shares when they retire from or no longer provide service to the Company. A retiring Participant can defer the payout of his or her DSUs to the year following his or her departure from the Company. The use of DSUs has the advantage of encouraging higher levels of share ownership by the Participants, thereby aligning their interests more closely with that of the Company while also preserving cash for the Company.

The following is a summary of the additional important provisions of the RSU/DSU Plan. It is not a comprehensive discussion of all of the terms and conditions of the RSU/DSU Plan. Readers are advised to review the full text of the RSU/DSU Plan to fully understand all terms and conditions of the RSU/DSU Plan.

#### *Purpose*

The RSU/DSU Plan is intended to bring the Company's compensation policies in line with trends in industry compensation practice. The RSU/DSU Plan includes provisions for granting RSUs as well as DSUs. Under the RSU/DSU Plan, settlement of RSUs or DSUs shall be made by payment of (i) delivery of one Common Share for each such RSU or DSU then being settled; or (ii) subject to approval of the Board in its sole discretion, a cash equivalent.

The RSU/DSU Plan will advance the interests of the Company by encouraging Participants to receive equity-based compensation and incentives, thereby (i) increasing the proprietary interests of such persons in the Company, (ii) aligning the interests of such persons with the interests of Shareholders generally, (iii) encouraging such persons to remain associated with the Company, and (iv) furnishing such persons with an additional incentive in their efforts on behalf of the Company. The Board also contemplates that through the RSU/DSU Plan, the Company will be better able to compete for and retain the services of the individuals needed for the continued growth and success of the Company.

#### *Administration*

Under the RSU/DSU Plan, the Board may, at any time, appoint a committee to, among other things, interpret, administer and implement the RSU/DSU Plan on behalf of the Board in accordance with such terms and conditions as the Board may prescribe, consistent with the RSU/DSU Plan.

#### *Eligible Persons*

Under the RSU/DSU Plan, Awards may be granted to any Eligible Person. A Participant or Grantee is an Eligible Person to whom an Award has been granted under the RSU/DSU Plan. Pursuant to the terms of the RSU/DSU Plan and TSXV policies, no Awards may be granted to persons performing investor relations activities for the Company.

*Number of Securities Issued or Issuable*

Subject to the adjustment provisions provided for in the RSU/DSU Plan and applicable rules and regulations of all regulatory authorities to which the Company is subject (including the TSXV), the maximum number of Common Shares issuable upon exercise of the Awards under the RSU/DSU Plan is 12,512,213, (which represents 10% of the number of issued and outstanding Common Shares calculated in accordance with the policies of the TSXV as at October 21, 2022, being the date of adoption of the RSU/DSU Plan by the Board).

If any Award is cancelled in accordance with the terms of the RSU/DSU Plan or the agreements evidencing the grant, the Common Shares reserved for issue pursuant to such Award will, upon cancellation of such Awards, revert to the RSU/DSU Plan and will be available for other Awards. Any Award that is settled through the issuance of Common Shares from treasury shall not be considered cancelled, and that number of Common Shares issued shall not be available for other Awards.

*Maximum Grant to Any One Participant*

The issue of Awards to Eligible Persons is subject to, among other things, the following restrictions:

- (a) the number of Common Shares which may be reserved for issue pursuant to the RSU/DSU Plan together with the Common Shares which may be reserved for issue pursuant to any employee- related plan of the Company or options for services granted by the Company, including the Option Plan, to any one Eligible Person within a 12 month period may not exceed in the aggregate 5% of the number of Common Shares issued and outstanding on a non-diluted basis on the date of the grant of the Award unless the Company has received disinterested shareholder approval;
- (b) the number of Common Shares which may be reserved for issue pursuant to the RSU/DSU Plan together with the Common Shares which may be reserved for issue pursuant to any other employee-related plan of the Company or options for services granted by the Company, including the Share Option Plan, to all insiders of the Company shall not exceed 10% of the number of Common Shares issued and outstanding on a non-diluted basis at any point in time unless the Company has received disinterested shareholder approval;
- (c) the number of Common Shares which may be reserved for issue pursuant to the RSU/DSU Plan together with the Common Shares which may be reserved for issue pursuant to any employee- related plan of the Company or options for services granted by the Company, including the Option Plan, to all insiders of the Company within a 12 month period may not exceed in the aggregate 10% of the number of Common Shares issued and outstanding on a non-diluted basis on the date of the grant of the Award unless the Company has received disinterested shareholder approval; and
- (d) the number of Common Shares which may be reserved for issued pursuant to the RSU/DSU Plan together with the Common Shares which may be reserved for issue pursuant to any other share compensation arrangements of the Company, including the Option Plan, to any one consultant in any 12 month period may not exceed 2% of the number of Common Shares issued and outstanding on a non-diluted basis on the date of the grant of the Award.

*Restricted Share Units*

The Granting Authority may determine the vesting schedule of any RSUs at the time of grant, provided that notwithstanding such determination and provided that no RSUs may vest within one year of the date of grant except in the event of the death of the Participant or if the Participant ceases to be an Eligible Person in connection with a Change of Control (as such term is defined in the RSU/DSU Plan), takeover bid, reverse takeover or similar transaction, in the event of a Change of Control (as such term is defined in the RSU/DSU Plan) while the Grantee is employed by the Company or a wholly owned subsidiary of the Company, the termination of the Grantee by the

Company without cause or in the event that the Grantee terminates employment with the Company and its subsidiaries by reason of Eligible Retirement (as such term is defined in the RSU/DSU Plan), death or total disability (as determined by the Granting Authority in good faith) (each an “**Accelerated Vesting Event**”), the non-vested RSUs will: (i) in the case of a Change of Control, termination without cause, Eligible Retirement or death being the Accelerated Vesting Event, immediately become 100% vested, or (ii) in the case of total disability being the Accelerated Vesting Event, vest on the 60th day following the date on which the Participant is determined to be totally disabled.

If the Grantee terminates employment with the Company and its subsidiaries for any reason other than such Eligible Retirement, total disability or death or termination without cause, any non-vested RSUs granted thereunder will be immediately cancelled without liability or compensation therefor and be of no further force and effect. For clarity, where the Grantee voluntarily terminates his/her employment with the Company or is otherwise terminated by the Company for cause, all non-vested RSUs of the Grantee shall be immediately cancelled without compensation or liability therefor and be of no further force and effect.

The term of the RSUs shall be determined by the Granting Authority on the date of the award of RSUs and shall not exceed ten years from the date the RSUs are awarded. Each RSU outstanding and all rights thereunder shall expire at the expiry time determined by the Granting Authority, subject to earlier termination in accordance with the RSU/DSU Plan.

#### *Settlement of Restricted Share Units*

Payment to the Grantee in respect of vested RSUs will be made in the form of (i) fully paid Common Shares, which will be evidenced by book entry registration or by a share certificate registered in the name of the Grantee; or (ii) subject to approval of the Board, in its sole discretion, a cash equivalent, as soon as practicable following the date on which the RSUs become vested, provided that the settlement date may not be later than the third anniversary of the date of grant of the RSU and all payments in respect of vested RSUs in the Grantee's notional account maintained by the Company will be paid in full on or before December 31 of the same calendar year.

#### *Deferred Share Units*

DSUs granted pursuant to the RSU/DSU Plan will be used as a means of reducing the cash payable by the Company in respect of a Participant's compensable amounts. In so doing, the interests of a Participant will become more closely aligned with those of the Company and its Shareholders.

#### *Vesting of Deferred Share Units*

Subject to the vesting provisions otherwise stipulated by the Granting Authority, where a Grantee is terminated for cause or resigns and, in the case of a director of the Company, is otherwise removed as a result of losing his or her eligibility to serve on the Board due to an order by a regulatory body or stock exchange or for culpable conduct as determined by the Granting Authority, all unvested DSUs in the Grantee's notional account maintained by the Company will be immediately cancelled without liability or compensation therefor and be of no further force and effect (unless otherwise determined by the Granting Authority).

No DSUs may vest within one year of the date of grant except in the event of the death of the Participant or if the Participant ceases to be an Eligible Person in connection with a Change of Control (as such term is defined in the RSU/DSU Plan), takeover bid, reverse takeover or similar transaction. Subject to the above, in the event of a Change of Control while the Grantee is employed by or is a director of the Company or a related entity or in the event of the Grantee being terminated without cause, the non-vested DSUs will immediately become 100% vested.

#### *Settlement of Deferred Share Units*

DSUs will be settled upon the third business day (or such other period of time as permitted by the Granting Authority under the grant agreement) following the Eligible Retirement or death of the applicable Participant or at the time the Participant otherwise ceases to hold office subject to payment or other satisfaction of all related withholding obligations in accordance with the provisions of the RSU/DSU Plan. Settlement of DSUs shall be made by payment

of (i) one Common Share for each such DSU then being settled; or (ii) subject to the approval of the Board, in its sole discretion, a cash equivalent.

*Assignability*

Awards granted under the RSU/DSU Plan are non-transferable and non-assignable to anyone other than to the estate of a Participant in the event of death and then only in accordance with the terms of the RSU/DSU Plan.

*Procedure for Amending of the RSU/DSU Plan*

Subject to the terms of the RSU/DSU Plan and any applicable requirements of the TSXV, the Granting Authority has the right at any time to amend the RSU/DSU Plan or any Award agreement thereunder, provided that the requisite shareholder approval has been obtained by ordinary resolution. Notwithstanding the foregoing, shareholder approval is not required for the amendments set out below:

- (a) amendments of a technical, clerical or “housekeeping” nature including, without limiting the generality of the foregoing, any amendments for the purpose of curing any ambiguity, error or omission in the RSU/DSU Plan or to correct or supplement any provision of the RSU/DSU Plan that is inconsistent with any other provision of the RSU/DSU Plan;
- (b) amendments necessary to comply with the provisions of applicable law and the applicable rules of the TSXV; and
- (c) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law or the rules of the TSXV.

*Financial Assistance*

The Company does not provide financial assistance to Participants to facilitate the purchase of Common Shares upon exercise of Awards under the RSU/DSU Plan.

*Other Material Information*

Appropriate adjustments to the RSU/DSU Plan and to Awards granted thereunder will be made by the Company to give effect to adjustments in the number and type of Common Shares (or other securities or other property) resulting from subdivisions, consolidations, substitutions, or reclassifications of Common Shares, payment of stock dividends or other prescribed changes in the capital of the Company. In the event of any merger, acquisition, amalgamation, arrangement or other scheme of reorganization that results in a Change of Control, the Company may take whatever action with respect to the Awards outstanding that it deems necessary or desirable including accelerating the vesting date of Awards to the date which is immediately preceding the Change of Control. Any such adjustment other than a Common Share consolidation or Common Share split shall be subject to approval of the TSXV. If approved by the Board prior to or within 30 days after such time as a Change of Control is deemed to have occurred, the Board has the right to require that all or any portion of the Awards be settled and discharged in cash based on the “cash value” of such Awards in lieu of settlement by issue of Common Shares.

The foregoing is a summary of the RSU/DSU Plan and is qualified in its entirety by reference to the full text of the RSU/DSU Plan, which can be obtained from the Company on request. A copy of the RSU/DSU Plan will be available for viewing at the Meeting.

Pursuant to the policies of the TSXV, the Company is required to obtain Shareholder approval of the RSU/DSU Plan in connection with the implementation thereof and subsequently at each annual meeting of Shareholders. Accordingly, at the Meeting, Shareholders will be asked to approve an ordinary resolution to approve the RSU/DSU Plan.

The text of the ordinary resolution to be considered at the Meeting will be substantially as follows:

“**BE IT HEREBY RESOLVED** as an ordinary resolution of the Company that:

- (a) the restricted share unit and deferred share unit plan of the Company (the “**RSU/DSU Plan**”),

substantially in the form as described in the Management Information Circular of the Company, be and is hereby ratified, approved and adopted as the restricted share unit and deferred share unit plan of the Company;

- (b) the form of the RSU/DSU Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Company;
- (c) the shareholders of the Company hereby expressly authorize the Board of Directors to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and
- (d) any one director or officer of the Company is authorized and directed, on behalf of the Company, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Company or otherwise) that may be necessary or desirable to give effect to this ordinary resolution.”

**Unless otherwise directed, it is the intention of the management designees, if named as proxy, to vote in favour of the ordinary resolution approving the RSU/DSU Plan.** In order to be effective, an ordinary resolution requires approval of a majority of the votes cast by Shareholders who vote in respect to the resolution.

#### **OTHER MATTERS**

As of the date of this Information Circular, management knows of no other matters to be acted upon at this Meeting. However, should any other matters properly come before the Meeting, the shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the shares represented by the Proxy.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information relating to the Company is provided in the Company’s comparative financial statements and related Management’s Discussion and Analysis for the financial year ended December 31, 2021. Shareholders may contact the Company to request copies of financial statements and related Management’s Discussion and Analysis at its head office, Suite 3123, 595 Burrard Street, PO Box 49139, Bentall Three, Vancouver, British Columbia, V7X 1J1.

#### **APPROVAL OF THE DIRECTORS**

The contents of this Information Circular and its distribution to shareholders have been approved by the Board of the Company. The directors and officers of the Company have indicated their intention to vote their Common Shares in favour of all matters to be considered by shareholders at the Meeting.

DATED at Vancouver, British Columbia this 21<sup>st</sup> day of October, 2022.

*“Serafino Iacono”*

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Serafino Iacono  
Chief Executive Officer

**SCHEDULE "A"**  
**NG ENERGY INTERNATIONAL CORP.**  
**FORM 52-110F2**  
**AUDIT COMMITTEE DISCLOSURE**

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**ITEM 1: THE AUDIT COMMITTEE'S CHARTER (the "Charter")**

**PURPOSE**

The overall purpose of the audit committee (the "**Audit Committee**") of **NG ENERGY INTERNATIONAL CORP.** (the "**Corporation**") is to ensure that the Corporation's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the financial statements and related financial disclosure of the Corporation, and to review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information. It is the intention of the Corporation's board of directors (the "**Board**") that through the involvement of the Audit Committee, the external audit will be conducted independently of the Corporation's management to ensure that the independent auditors serve the interests of shareholders rather than the interests of management of the Corporation. The Audit Committee will act as a liaison to provide better communication between the Board and the external auditors. The Audit Committee will monitor the independence and performance of the Corporation's independent auditors.

**COMPOSITION, PROCEDURES AND ORGANIZATION**

- (1) The Audit Committee shall consist of at least three members of the Board.
- (2) At least two (2) members of the Audit Committee shall be independent and the Audit Committee shall endeavour to appoint a majority of independent directors to the Audit Committee, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Audit Committee members' independent judgment. At least one (1) member of the Audit Committee shall have accounting or related financial management expertise. All members of the Audit Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Corporation. For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.
- (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 shall have 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 such officers and employees of the Corporation and to the Corporation's external auditors, and to such information respecting the Corporation, as it considers to be necessary or advisable in order 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. The external auditors or any member of the Audit Committee may request a meeting of the Audit Committee;

- (b) the external auditors shall receive notice of and have the right to attend all meetings of the Audit Committee; and
  - (c) management representatives may be invited to attend all meetings except private sessions with the external auditors.
- (8) The internal auditors and the external auditors shall have a direct line of communication to the Audit Committee through its chair and may bypass management if deemed necessary. The Audit Committee, through its chair, may contact directly any employee in the Corporation as it deems necessary, and any employee may bring before the Audit Committee any matter involving questionable, illegal or improper financial practices or transactions.

#### **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 Corporation's accounting principles, reporting practices and internal controls and its approval of the Corporation's annual and quarterly consolidated financial statements and related financial disclosure;
  - (b) to establish and maintain a direct line of communication with the Corporation's internal and external auditors and assess their performance;
  - (c) to ensure that the management of the Corporation 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) to recommend to the Board a firm of external auditors to be engaged by the Corporation, and to verify the independence of such external auditors;
  - (b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
  - (c) review the audit plan of the external auditors prior to the commencement of the audit;
  - (d) to review with the external auditors, upon completion of their audit:
    - A. contents of their report;
    - B. scope and quality of the audit work performed;
    - C. adequacy of the Corporation's financial and auditing personnel;
    - D. co-operation received from the Corporation's personnel during the audit;
    - E. internal resources used;
    - F. significant transactions outside of the normal business of the Corporation;
    - G. significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
    - H. the non-audit services provided by the external auditors;
  - (e) to discuss with the external auditors the quality and not just the acceptability of the Corporation's accounting principles; and
  - (f) to 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 Corporation are to:
- (a) review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
  - (b) review compliance under the Corporation's business conduct and ethics policies and to periodically review these policies and recommend to the Board 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 Corporation; and
  - (d) periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
- (4) The Audit Committee is also charged with the responsibility to:
- (a) review the Corporation's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
  - (b) review and approve the financial sections of:
    - A. the annual report to shareholders;
    - B. the annual information form, if required;
    - C. annual and interim management's discussion and analysis;
    - D. prospectuses;
    - E. news releases discussing financial results of the Corporation; and
    - F. other public reports of a financial nature requiring approval by the Board,and report to the Board with respect thereto;
  - (c) review regulatory filings and decisions as they relate to the Corporation's consolidated financial statements;
  - (d) review the appropriateness of the policies and procedures used in the preparation of the Corporation'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 Corporation's consolidated financial statements;
  - (f) review the minutes of any audit committee meeting of subsidiary companies;
  - (g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the consolidated financial statements;
  - (h) review the Corporation'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 to submit the calendar in the appropriate format to the Board following each annual general meeting of shareholders.
- (5) The Audit Committee shall have the authority:

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

## **ITEM 2: COMPOSITION OF THE AUDIT COMMITTEE**

The current members of the Audit Committee are D. Jeffrey Harder, Gordon Keep and Federico Restrepo-Solano. All of the members are financially literate and are independent members of the Audit Committee. D. Jeffrey Harder is the Chairman of the Audit Committee. "Independent" and "financially literate" have the meaning used in National Instrument 52-110 ("NI 52-110") of the Canadian Securities Administrators.

## **ITEM 3: RELEVANT EDUCATION AND EXPERIENCE**

NI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

All of the members of the Corporation's Audit Committee are financially literate as that term is defined in NI 52-110. All members have an understanding of the accounting principles used by the Corporation to prepare its financial statements and have an understanding of its internal controls and procedures for financial reporting. In addition to each member's general business experience, the education and experience of each Audit Committee member relevant to the performance of his or her responsibilities as an Audit Committee member is as follows:

D. Jeffrey Harder is a financial advisory professional and company director. He is a Fellow of the Chartered Professional Accountants of British Columbia and the Yukon, a Fellow of the Canadian Institute of Chartered Business Valuators and holds the ICD.D designation from the Institute of Corporate Directors. Mr. Harder is a retired Deloitte LLP partner. He has over 40 years experience in performing financial advisory services, including: business, asset and securities valuations, mergers and acquisitions, business modelling and strategic analysis. He has completed professional services assignments across a range of industries involving companies and assets located across the world. His professional assignments focused on the natural resources sectors including upstream and downstream assets and related infrastructure assets. During his professional services career Mr. Harder held several strategic governance and operational positions, including: Office Managing Partner, Canada business leader, Americas business leader, Global executive committee member and Board of Directors member.

Gordon Keep has a Master of Business Administration degree from the University of British Columbia and many years' experience in the capacities of director, officer and audit committee member of public companies operating in the natural resource sector.

Federico Restrepo-Solano has an undergraduate degree from Universidad De Bogotá Jorge Tadeo Lozano and a graduate degree from Universidad del Rosario. Mr. Restrepo is partner and Corporate Director of Quartz Capital Partners, a strategic advisory firm. Mr. Restrepo has over 25 years of experience in the oil and mining sector.

## **ITEM 4: AUDIT COMMITTEE OVERSIGHT**

At no time since the commencement of the Corporation's financial year ended December 31, 2021 was a recommendation of the Audit Committee to nominate or compensate an external auditor (currently, KPMG LLP, Chartered Accountants) not adopted by the Board.

## **ITEM 5: RELIANCE ON CERTAIN EXEMPTIONS**

Since the effective date of NI 52-110, the Corporation has not relied on the exemptions contained in Section 2.4 or Part 8 of NI 52-110, in whole or in part. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

**ITEM 6: PRE-APPROVAL POLICIES AND PROCEDURES**

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and where applicable by the Audit Committee, on a case by case basis.

**ITEM 7: EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY)**

The aggregate fees charged to the Corporation by the external auditor in each of the fiscal years ended December 31, 2020 and 2021 is as follows:

	<u>FYE 2021</u>	<u>FYE 2020</u>
Audit fees for the year ended December 31	\$101,650	\$185,000
Audit related fees <sup>(1)</sup>	\$21,400	Nil
Tax fees <sup>(2)</sup>	Nil	Nil
All other fees (non-tax)	Nil	Nil
<b>Total Fees:</b>	<b>\$123,050</b>	<b>\$185,000</b>

**Notes:**

- (1) *These fees are for the quarterly reviews completed for the Corporation, statutory audits required for the Corporation's subsidiaries, and other assurance engagements required for regulatory filings.*
- (2) *These fees are for preparation and filing of the tax returns of the Corporation or the Corporation's subsidiaries.*

**ITEM 8: EXEMPTION**

In respect of the financial year ended December 31, 2021, the Corporation is relying on the exemption set out in section 6.1 of NI 52-110.

**SCHEDULE "B"**  
**NG ENERGY INTERNATIONAL CORP.**  
**FORM 58-101F2**  
**CORPORATE GOVERNANCE DISCLOSURE**

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Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices*, **NG ENERGY INTERNATIONAL CORP.** (the "**Corporation**") is required to and hereby discloses its corporate governance practices as follows.

**ITEM 1. BOARD OF DIRECTORS**

The Board of Directors of the Corporation facilitates its exercise of independent supervision over the Corporation's management through frequent meetings of the Board.

Messrs. Keep, Harder and Restrepo and Calderon Berti are "independent" in that they are free from any direct or indirect material relationship with the Corporation. A material relationship is a relationship which could, in the view of the Corporation's Board of Directors, be reasonably expected to interfere with the exercise of his independent judgment. Serafino Iacono is the President and Chief Executive Officer of the Corporation and is therefore not independent.

**ITEM 2. DIRECTORSHIPS**

The existing directors and any proposed directors of the Corporation are currently directors of the following other reporting issuers:

<b>Name</b>	<b>Name of Reporting Issuer</b>
Gordon Keep	Klondike Gold Corp. Northern Dynasty Minerals Ltd. Oceanic Iron Ore Corp. Rusoro Mining Ltd. Vanadian Resources Ltd. Total Helium Ltd.
Serafino Iacono	Western Atlas Resources Inc. Aris Mining Corporation Denarius Metals Corp.
D. Jeffrey Harder	Butte Energy Inc.
Federico Restrepo-Solano	Denarius Metals Corp.

**ITEM 3. ORIENTATION AND CONTINUING EDUCATION**

The Board of Directors of the Corporation briefs all new directors with the policies of the Board of Directors, and other relevant corporate and business information.

**ITEM 4. ETHICAL BUSINESS CONDUCT**

The Board has found that the fiduciary duties placed on individual directors by the Corporation'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 Corporation.

Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in

comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Corporation or an affiliate of the Corporation, (ii) is for indemnity or insurance for the benefit of the director in connection with the Corporation, or (iii) is with an affiliate of the Corporation. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Corporation at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Corporation for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Corporation and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

**ITEM 5. NOMINATION OF DIRECTORS**

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

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

**ITEM 6. COMPENSATION**

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

**ITEM 7. OTHER BOARD COMMITTEES**

In addition to the Audit Committee, the Board of Directors also has a Compensation, Corporate Governance and Reserves Committee.

**ITEM 8. ASSESSMENTS**

The Board of Directors monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees.