



**LITHIUM CHILE INC.**

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

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**IN RESPECT OF AN ANNUAL GENERAL AND SPECIAL  
MEETING OF SHAREHOLDERS TO BE HELD ON  
JANUARY 25, 2022**

**December 22, 2021**



# LITHIUM CHILE INC.

## NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the annual general and special meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares ("**Common Shares**") of Lithium Chile Inc. (the "**Corporation**") will be held at the offices of the Corporation, located at Suite 900, 903 – 8<sup>th</sup> Avenue SW, Calgary, Alberta, on Tuesday, January 25, 2022 at 11:00 a.m. (Calgary time) for the following purposes:

1. to receive the audited financial statements of the Corporation for the financial year ended December 31, 2020 together with the auditors' report thereon;
2. to fix the number of directors to be elected at the Meeting at seven (7);
3. to elect the directors of the Corporation to hold office until the next annual meeting of Shareholders;
4. to appoint MNP LLP as auditors for the Corporation to hold office until the next annual meeting of Shareholders and to authorize the directors to fix their remuneration;
5. to consider and, if thought fit, pass, with or without variation, a resolution in the form included in the management information circular dated December 22, 2021 (the "**Information Circular**") accompanying this Notice of Meeting approving the Corporation's stock option plan;
6. to transact such other business as may properly come before the Meeting.

**DATED** at Calgary, Alberta this 22<sup>nd</sup> day of December, 2021.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
LITHIUM CHILE INC.**

*"Steve Cochrane"*

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Steve Cochrane

Chief Executive Officer and Director

### **IMPORTANT**

**In order to protect the health and safety of Shareholders and the broader community, only registered Shareholders or their duly appointed proxy holders will be permitted to attend the Meeting and the Meeting will otherwise be conducted in accordance with the requirements of any applicable provincial or federal public health directives. The Corporation strongly encourages Shareholders to vote by proxy in advance of the Meeting and to not attend the Meeting in person. Shareholders and others who might otherwise attend the Meeting in person may instead listen to the Meeting in real-time by calling +1 (800) 719-8139 (Canada), +1 (951) 797-1057 (International), Code: 852216.**

**Shareholders who have questions they would like to pose at the Meeting may send those questions to the Corporation in advance of the meeting at [steve@lithiumchile.ca](mailto:steve@lithiumchile.ca). Please include your name and return email address when you convey your questions.**

As COVID-19 is a rapidly evolving situation, the Corporation will continue to monitor and review provincial and federal governmental guidance in order to assess and implement measures to reduce the risk of spreading the virus at the Meeting, which may include potentially adjourning, postponing or changing the format of the Meeting. The Corporation will provide updates to any arrangements in respect of the Meeting by way of news release. Shareholders are encouraged to monitor the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com), where copies of such news releases, if any, will be posted.

**If you are a registered Shareholder**, please complete and submit the enclosed form of proxy or other appropriate form of proxy. Completed forms of proxy must be received by Odyssey Trust Company by Facsimile: 1-800-517-4553, by Email: [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com) or by Internet at <https://login.odysseytrust.com/pxlogin> not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the Meeting or any adjournment or postponement thereof.

**If you are not a registered Shareholder**, please complete the voting instruction form from your intermediary/broker and follow the instructions set out under "*Advice to Beneficial Shareholders on Voting Their Common Shares*" in the Information Circular.

# LITHIUM CHILE INC.

## MANAGEMENT INFORMATION CIRCULAR

### INTRODUCTION

This management information circular (this "**Information Circular**") is furnished in connection with the solicitation of proxies by the management of Lithium Chile Inc. (the "**Corporation**") for use at the annual general and special meeting (the "**Meeting**") of holders ("**Shareholders**") of common Shares ("**Common Shares**") of the Corporation to be held at the office of the Corporation, located at Suite 900, 903 – 8<sup>th</sup> Avenue SW, Calgary, Alberta, on Tuesday, January 25, 2022 at 11:00 a.m. (Calgary time) and at any adjournment or postponement thereof for the purposes set out in the accompanying Notice of Meeting. Unless otherwise stated, the information contained in this Information Circular is given as at December 22, 2021.

**In order to protect the health and safety of Shareholders and the broader community, only registered Shareholders or their duly appointed proxy holders will be permitted to attend the Meeting and the Meeting will otherwise be conducted in accordance with the requirements of any applicable provincial or federal public health directives. The Corporation strongly encourages Shareholders to vote by proxy in advance of the Meeting and to not attend the Meeting in person. Shareholders and others who might otherwise attend the Meeting in person may instead listen to the Meeting in real-time by calling +1 (800) 719-8139 (Canada), +1 (951) 797-1057 (International), Code: 852216.**

**Shareholders who have questions they would like to pose at the Meeting may send those questions to the Corporation in advance of the meeting at [steve@lithiumchile.ca](mailto:steve@lithiumchile.ca). Please include your name and return email address when you convey your questions.**

As COVID-19 is a rapidly evolving situation, the Corporation will continue to monitor and review provincial and federal governmental guidance in order to assess and implement measures to reduce the risk of spreading the virus at the Meeting, which may include potentially adjourning, postponing or changing the format of the Meeting. The Corporation will provide updates to any arrangements in respect of the Meeting by way of news release. Shareholders are encouraged to monitor the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com), where copies of such news releases, if any, will be posted.

Unless otherwise stated, all amounts are reported in Canadian dollars

### GENERAL PROXY INFORMATION

#### Solicitation of Proxies

**This solicitation is made on behalf of the management of the Corporation.** Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone by directors, officers, employees or agents of the Corporation. Pursuant to National Instrument 54-101 *Communication With Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation material to the beneficial owners of Common Shares. The cost of any such solicitation will be borne by the Corporation.

#### Voting of Proxies

All Common Shares represented at the Meeting by properly executed proxies will be voted and where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the Common Shares represented by the proxy will be voted in accordance with such specifications. **In the absence of any such specifications, the management designees, if named as proxy, will vote FOR of all the matters set out herein.**

**The enclosed form of proxy confers discretionary authority upon the management designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters that may properly come before the Meeting. At the date of this Information Circular, the Corporation is not aware of any amendments to, or variations of, or other matters that may come before the Meeting. In the event that other matters come before the Meeting, then the management designees intend to vote in accordance with the judgment of the management of the Corporation.**

#### Appointment and Revocation of Proxies

The information provided in this section applies to Shareholders who hold Common Shares in their own name and have a share certificate or direct registration system (DRS) statement (a "**Registered Shareholder**"). As a Registered Shareholder, you are identified on the share register maintained by the Company's register and transfer agent, Odyssey Trust Company, as being a Shareholder.

Accompanying this Information Circular is the form of proxy for holders of Common Shares. **The persons named in the enclosed form of proxy are directors or officers of the Corporation. A Registered Shareholder has the right to appoint a person (who need not be a Shareholder) to represent such Registered Shareholder at the Meeting other than the persons designated in the form of proxy provided by the Corporation.** To exercise this right, the Registered Shareholder should insert the name of the desired representative in the blank space provided in the form of proxy or submit another appropriate form of proxy. In order to be effective, a proxy must be forwarded so as to reach, or be deposited with, the Corporation's registrar and transfer agent, Odyssey Trust Company by Facsimile: 1-800-517-4553, by Email: proxy@odysseytrust.com or by Internet at <https://login.odysseytrust.com/pxlogin> not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the Meeting or an adjournment or postponement thereof; provided that the Chairperson of the Meeting may, in his or her sole discretion, at the Meeting, elect to waive the requirement that proxies be deposited prior to the aforementioned time and accept any and all proxies deposited at or before the time of the Meeting or any adjournment or postponement thereof.

A Registered Shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy.

A Registered Shareholder may revoke a proxy by depositing an instrument in writing, executed by the Registered Shareholder or by the Registered Shareholder's attorney authorized in writing, or, if the Registered Shareholder is a corporation, by a duly authorized officer or attorney of the corporation:

1. at the offices of the registrar and transfer agent of the Corporation, Odyssey Trust Company at 1230, 300 – 5<sup>th</sup> Avenue SW, Calgary, AB T2P 3C4 , at any time, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the Meeting or an adjournment of the Meeting at which the proxy is to be used; or
2. at the registered office of the Corporation, Suite 1600, 333 - 7<sup>th</sup> Avenue SW, Calgary, Alberta T2P 2Z1, at any time up to and including the last business day preceding the day of the Meeting at which the proxy is to be used; or
3. with the Chairperson of the Meeting on the day of the Meeting or an adjournment of the Meeting.

In addition, a proxy may be revoked by the Registered Shareholder executing another form of proxy bearing a later date and depositing same at the offices of the registrar and transfer agent of the Corporation not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the Meeting or an adjournment or postponement thereof, or by the Registered Shareholder personally attending at the Meeting and voting the Common Shares represented by the proxy or, if the Registered Shareholder is a corporation, by a duly authorized officer or attorney of such corporation attending at the Meeting and voting such Common Shares. Only Registered Shareholders have the right to revoke a proxy. Beneficial Shareholders (as defined herein) who wish to change their vote must arrange for their respective intermediary/broker to revoke the proxy on their behalf in accordance with any requirements of the intermediary/broker.

#### **Advice to Beneficial Shareholders on Voting Their 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 their 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 Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares or their proxyholders are permitted to vote at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those shares will not be registered in the Shareholder's name on the records of the Corporation. Such shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the nominee of The Canadian Depository for Securities Limited, which acts as depository for many Canadian brokerage firms). 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 and nominees 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 Common Shares are voted at the Meeting. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically provides a scannable voting instruction form or applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the voting instruction forms to Broadridge. Often Beneficial Shareholders are alternatively provided with a toll-free telephone number to vote their shares or a website address where shares can be voted. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting.

**A Beneficial Shareholder receiving a voting instruction form or a proxy with a Broadridge sticker on it cannot use that voting instruction form or proxy to vote Common Shares directly at the Meeting. The voting instruction form or proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted at the Meeting.**

Beneficial Shareholders who have not objected to their intermediary disclosing certain ownership information about themselves to the Corporation are referred to as non-objecting beneficial owners or "NOBOs". Those Beneficial Shareholders who have objected to their intermediary disclosing ownership information about themselves to the Corporation are referred to as objecting beneficial owners or "OBOs".

Pursuant to NI 54-101, the Corporation has distributed copies of proxy-related materials in connection with this Meeting (including this Information Circular) indirectly to all Beneficial Shareholders. The Corporation is not relying on the notice and access delivery procedures outlined in NI 54-101 to distribute copies of the proxy related materials in connection with the Meeting.

The Corporation will be paying for intermediaries to deliver to OBOs (who have not otherwise waived their right to receive proxy-related materials) copies of the proxy-related materials and related documents.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or an agent of the broker), a Beneficial Shareholder who wishes to attend the Meeting and indirectly vote its Common Shares as proxyholder for the Registered Shareholder should enter its own name in the blank space on the proxy form or voting instruction form provided to it and return the same to its broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

**Beneficial Shareholders should follow the instructions on the forms that they receive and contact their intermediaries promptly if they need assistance.**

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

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares, of which 148,395,170 Common Shares and nil preferred shares are issued and outstanding.

The holders of Common Shares of record at the close of business on the record date, set by the directors of the Corporation to be December 21, 2021 (the "**Record Date**"), are entitled to vote such Common Shares at the Meeting on the basis of one (1) vote for each Common Share held, except to the extent that:

1. such person transfers his, her or its Common Shares after the Record Date; and
2. the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes his, her or its ownership of the Common Shares,

and makes a demand to the registrar and transfer agent of the Corporation, not later than ten (10) days before the Meeting, that his, her or its name be included on the Shareholders list for the Meeting.

The by-laws of the Corporation provide that one (1) person present and representing in person or by proxy not less than ten percent (10%) of the outstanding Common Shares entitled to vote at the Meeting, constitutes a quorum for the Meeting.

To the knowledge of the directors and executive officers of the Corporation no person or company (other than securities depositories) beneficially owns, or controls or directs, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to all outstanding Common Shares.

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

Management of the Corporation knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the accompanying Notice of Meeting. **However, if any other matter properly comes before the Meeting, the management designees, if named as proxy, will vote on such matter in accordance with the best judgment of the person or persons voting the proxy.**

##### **I. Receipt of Financial Statements**

The directors will place before the Meeting the audited financial statements of the Corporation for the year ended December 31, 2020 together with the auditors' report thereon. Shareholder approval is not required in relation to these financial statements. The financial statements have been sent to applicable Shareholders in accordance with applicable securities laws and are also available on the Corporation's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## II. Fixing Number of Directors

The board of directors of the Corporation (the "**Board**") presently consists of seven (7) directors. It is proposed that the number of directors for the ensuing year be set at seven (7) and that the persons named below will be nominated at the Meeting. Each director elected at the Meeting will hold office until the next annual meeting of the Shareholders or until his or her successor is elected or appointed in accordance with the constating documents of the Corporation and the *Business Corporations Act* (Alberta) (the "**ABCA**"), unless his or her office is earlier vacated. **Unless otherwise directed, the management designees, if named as proxy, intend to vote the Common Shares represented by any such proxy FOR the resolution setting the number of directors to be elected at the meeting at seven (7) members.**

## III. Election of Directors

The following table sets out the names and places of residence of the persons proposed to be nominated by management for election as directors of the Corporation; all positions and offices in the Corporation held by them; their current principal occupation; the periods during which they have served as a director of the Corporation; and the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by them, as of the date hereof. Each director elected at the Meeting will hold office until the next annual meeting of the Shareholders or until his or her successor is elected or appointed in accordance with the constating documents of the Corporation and the ABCA, unless his or her office is earlier vacated.

**Unless otherwise directed, the management designees, if named as proxy, intend to vote the Common Shares represented by any such proxy FOR the election of each of the nominees specified above as directors of the Corporation.**

Name, Place of Residence and Position(s) with the Corporation	Principal Occupation	Director Since	Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup>
Al J. Kroontje <i>Calgary, Alberta</i> Chairman	President of his private investment company, Tailwind Capital Partners Inc. Current or past director of several public companies listed on the TSX, the TSX Venture Exchange or the NEX board of the TSX Venture Exchange.	May 7, 2013	9,677,000
Kenneth L. DeWyn <sup>(2)</sup> <i>Calgary, Alberta</i> Director	Executive Director for the CSCE since 2013 and a business performance consultant. Current or past director of several public companies listed on the TSX, the TSX Venture Exchange or the NEX board of the TSX Venture Exchange.	October 18, 2010	3,800,000
Terence Walker <i>La Serena, Chile</i> Vice President - Exploration and Director	Vice-President, Exploration of Lithium Chile Inc. Formerly, Vice President, Exploration of Polar Star Mining Corporation from January 2008 to February 2012. Mr. Walker is a Professional Geologist based in La Serena, Chile who has been active in mineral exploration in Chile for the past 28 years.	May 22, 2014	7,250,000
Steven Cochrane <i>Calgary, Alberta</i> President and Chief Executive Officer	President and Chief Executive Officer of the Corporation since August 2017. Former Vice President and Investment Advisor at Richardson GMP (and its predecessors) from March 2003 until August 2017.	December 11, 2017	3,211,000
Kenneth Booth <sup>(2)</sup> <i>Vancouver, BC</i> Director	President of Highwood Advisory Services, a private financial consulting firm since 1998. Current or past officer of several public TSX Venture listed companies.	February 15, 2017	106,000
Jose de Castro Alem <i>Buenos Aires, Argentina</i> Director	Manager, Lithium Operations of the Corporation. Former Operations Manager of several mining companies in South America.	January 7, 2019	Nil



Name, Place of Residence and Position(s) with the Corporation	Principal Occupation	Director Since	Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup>
Kelly Kimbley <sup>(2)</sup> Calgary, Alberta	President and Chief Executive Officer of the PetroFrontier Corp., a resource company listed on the TSX Venture Exchange; formerly an officer and director of several private and public companies listed on the Toronto Stock Exchange or the TSX Venture Exchange.	December 10, 2020	Nil

**Notes:**

- (1) The information as to the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by the nominees, not being within the knowledge of the Corporation, has been provided to the Corporation by the nominees.
- (2) Member of the audit committee, of which Kenneth Booth is the Chair.

**Cease Trade Orders**

Other than as disclosed below, no proposed director of the Corporation is, as at the date hereof, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

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

Al J. Kroontje was a director of Cobalt Coal Ltd. ("**Cobalt**") from October 2009 until February 7, 2014. On October 5, 2012, the Alberta and British Columbia Securities Commissions issued cease trade orders as a result of Cobalt's failure to meet a deadline to file an updated technical report, compliant with National Instrument 43-101 – Standards of Disclosure for Mineral Projects. The technical report was filed on the SEDAR website on November 15, 2012 and the commissions issued a full revocation on their respective trade orders on November 27, 2012.

Mr. Kroontje was appointed as a director of Whitemud Resources Inc. ("**Whitemud**") in August, 2011 pursuant to a court approved restructuring of Whitemud which was initiated by Mr. Kroontje. Prior to his appointment, certain cease trade orders issued by the BC Securities Commission, the Alberta Securities Commission, the Autorité des marchés financiers (Quebec), the Ontario Securities commission and the Manitoba Securities Commission were already in place for failure to file financial statements and certain other continuous disclosure documents. The cease trade orders were subsequently revoked by all of those agencies between April 3, 2013 and April 5, 2013 as a result of the successful restructuring of the affairs of Whitemud. Mr. Kroontje was not involved with Whitemud when it failed to file the required continuous disclosure documents that resulted in the cease trade orders.

**Bankruptcy**

Other than as disclosed above, no proposed director of the Corporation is, as at the date hereof, or has been within 10 years before the date hereof, a director or executive officer of a company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

**Personal Bankruptcy**

No proposed director of the Corporation has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

### **Penalties and Sanctions**

No proposed director of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

### **IV. Appointment of Auditors**

MNP LLP have been the auditors of the Corporation since their appointment on March 30, 2015. At the Meeting, the Shareholders will be asked to reappoint MNP LLP as auditors of the Corporation to serve until the close of the next annual meeting of Shareholders and to authorize the directors to fix their remuneration.

**Unless otherwise directed, the management designees, if named as proxy, intend to vote the Common Shares represented by any such proxy FOR the appointment of MNP LLP as auditors of the Corporation at remuneration to be fixed by the Board.**

### **V. Approval of Stock Option Plan**

On December 22, 2021 the Board adopted a new stock option plan (the "**Plan**"), amending the previous stock option plan of the Corporation to comply with certain amendments made by the TSX Venture Exchange Inc. (the "**Exchange**") to its policies regarding security based compensation. The Exchange requires all listed companies with a 10% rolling stock option plan to obtain annual shareholder approval of such plan on an annual basis. Accordingly, at the Meeting, shareholders will be asked to vote on a resolution to approve, for the ensuing year, the Plan as described below.

The Plan provides that the Board may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation and to individuals employed by a company providing management services to the Corporation (collectively, "**Eligible Participants**"), non-transferable options ("**Options**") to purchase Common Shares. The purpose of the Plan is to provide an incentive to the directors, officers, employees, consultants and other personnel of the Corporation or any of its subsidiaries to achieve the longer-term objectives of the Corporation; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation; and to attract to and retain in the employ of the Corporation or any of its subsidiaries, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

The aggregate number of Common Shares issuable pursuant to the Plan and any other Security Based Compensation Plans (as defined in the policies of the Exchange) of the Corporation may not exceed 10% of the issued and outstanding Common Shares as at the date of the grant of any Option. The period during which Options granted under the Plan are exercisable may not exceed ten years from the date such Options are granted. The number of Common Shares issuable pursuant to Options granted (or any other Security Based Compensation granted or issued) in any 12-month period to any one person may not exceed five percent (5%) of the issued and outstanding Common Shares. In addition, the number of Common Shares issuable pursuant to Options granted (or any other Security Based Compensation granted or issued) in any 12-month period to any one consultant must not exceed 2% of the issued and outstanding Common Shares, calculated as at the date any Option is granted to the Consultant, and the number of Common Shares issuable pursuant to Options granted (or any other Security Based Compensation granted or issued) in any 12-month period to all Investor Relations Services Providers (as defined in the policies of the Exchange) in the aggregate must not exceed 2% of the issued and outstanding Common Shares, calculated as at the date the Option is granted to any such Investor Relations Service Provider.

The maximum aggregate number of Common Shares issuable pursuant to Options granted (or any other Security Based Compensation granted or issued) to insiders of the Corporation (as a group) must not exceed 10% of the issued and outstanding Common Shares at any point in time, unless disinterested shareholder approval is obtained. Furthermore, the maximum aggregate number of Common Shares issuable pursuant to Options granted (or any other Security Based Compensation granted or issued) in any 12-month period to insiders of the Corporation (as a group) must not exceed 10% of the issued and outstanding Common Shares, calculated as at the date the Option is granted to any insider, unless disinterested shareholder approval is obtained.

Pursuant to the Plan, the Board determines the price per Common Share and the number of Common Shares which may be allotted to each Eligible Participant and all other terms and conditions of the Options, subject to the rules of the Exchange. The price per Common Share set by the Board may not be less than the last closing price of the Common Shares on the Exchange prior to the date on which such Options are granted, less the applicable discount permitted (if any) by the Exchange.

If a holder of Options ceases to be an Eligible Participant for any reason other than death, such holder may, but only within a reasonable period, not exceeding 12 months, to be set out in the applicable stock option agreement, after the holder's ceasing to be an Eligible Participant (or 30 days in the case of a holder engaged in Investor Relations Activities), or prior to the expiry date of the Options, whichever is earlier, exercise any Options held by the holder, but only to the extent that the holder was entitled to exercise the Options at the date of such cessation. In the event of the death of a holder of Options, the options previously granted to such holder will be exercisable within one (1) year following the date of the death of the holder or prior to the expiry date of the Options, whichever is earlier, but only to the extent that the holder was entitled to exercise the Options at the date of such holder's death.

At the Meeting, the Shareholders will be asked to consider and, if thought fit, pass, with or without variation, the following resolution to approve the Plan.

**"BE IT RESOLVED** as an ordinary resolution of the shareholders of Lithium Chile Inc. (the "**Corporation**") that:

1. the stock option plan (the "**Plan**") of the Corporation in the form of the Plan attached as Schedule "A" to the management information circular of the Corporation dated December 22, 2021, be and is hereby approved with such modifications as may be required by the TSX Venture Exchange;
2. the maximum number of common shares of the Corporation which may be issued under the Plan shall be equal to ten percent (10%) of the then issued and outstanding common shares of the Corporation from time to time; and
3. any director or officer of the Corporation be and is hereby authorized and directed to do and perform all such acts and things and to execute and deliver or cause to be delivered, for, in the name of and on behalf of the Corporation (whether under the seal of the Corporation or otherwise) all such agreements, instruments and other documents as in such individual's opinion may be necessary or desirable to perform the terms of this resolution."

The resolution must be approved by a simple majority approval of the votes cast at the Meeting by the holders of Common Shares. If the Plan is not approved by the Shareholders, the Corporation will have to consider other methods of compensating and providing incentives to directors, officers, employees and consultants.

**Unless otherwise directed, the management designees, if named as proxy, intend to vote the Common Shares represented by any such proxy FOR the resolution to approve the Plan.**

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

For the purpose of this section, a "**CEO**" or "**CFO**" means each individual who acted as Chief Executive Officer or Chief Financial Officer, respectively, of the Corporation or acted in a similar capacity, for any part of the most recently completed financial year. A "**Named Executive Officer**" or "**NEO**" means (a) each CEO; (b) each CFO; (C) each of the three (3) most highly compensated executive officers of the Corporation, including any subsidiary, or the three (3) 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 and whose total compensation was, individually, more than \$150,000; and (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation or its subsidiaries, nor acting in a similar capacity, at the end of the most recently completed financial year.

### **Compensation Governance**

It will be the responsibility of the Board as a whole to make decisions regarding executive compensation matters. The Corporation's compensation program will be intended to support its commitment to delivering strong performance for Shareholders. The Corporation's overall objective of its compensation philosophy will be the attraction, motivation and retention of quality, experienced people to achieve the Corporation's strategic objectives and to align the interests of its executive officers and employees with the long-term interest of the Shareholders.

All of the components of the Corporation's executive compensation program will be reviewed and confirmed by the Board following the Meeting.

It is currently contemplated that executive compensation will be comprised of the following components: (i) base salary, (ii) bonus and (iii) incentive stock options. Together, these components are designed to address the key objectives of the Corporation's compensation program.

### **Compensation Objectives and Philosophy**

The Board believes that the Corporation should provide a compensation package that will be competitive and motivating, that will attract, hold and inspire qualified executives, that will encourage performance by executives to enhance the growth and development of the Corporation and that will balance the interests of the executives and the Shareholders. Achievement of these objectives is expected to contribute to an increase in Shareholder value.

## Components of Compensation

The Corporation provides its executive officers with both fixed compensation, comprised of base salary, and performance-based variable incentive compensation, comprised of short-term incentives in the form of annual cash bonuses and long-term incentives in the form of Options under the Plan.

### Base Salaries

Base salary is designed to provide income certainty and to attract and retain executives, and therefore is based on the assessment of a number of factors such as current competitive market conditions, compensation levels within the peer group and factors particular to the executive, including individual performance, the scope of the executive's role with the Corporation and retention considerations.

### Short-Term Incentive Compensation - Bonuses

In addition to base salary, the Corporation may award executives with short term incentive awards in the form of annual cash bonuses. Annual cash bonuses are intended to provide short-term incentives to executives and to reward them for their yearly individual contribution and performance of personal objectives in the context of overall annual corporate performance. The amount is not pre-established and will be at the discretion of the Board. While it is expected there will be no target amount for annual cash bonuses, the Board will review similar factors as those discussed above in relation to base salary.

### Long-Term Incentive Compensation - Options

Long-term incentive compensation is provided through the granting of Options under the Plan. Equity incentive awards are designed to motivate executives to achieve long-term sustainable business results, align their interest with those of Shareholders and to attract and retain executives. Awards are based on a variety of factors, such as the need to attract or retain key individuals, competitive market conditions and internal equity. Previous grants will be taken into account when considering new grants.

Please refer to "Particulars of Matters to be Acted Upon – Approval of Stock Option Plan" above for a description of the material features of the Plan.

### Compensation Policies and Risk Management

The Board recognizes that certain elements of compensation could promote unintended inappropriate or excessive risk-taking behaviours; however, the Corporation will seek to ensure that executive compensation packages appropriately balance short-term incentives, in the form of base salaries, and long-term incentives, in the form of option-based awards. As a result of the factors discussed above, the Board does not believe that its compensation policies and practices will be reasonably likely to have a material adverse effect on the Corporation.

## Summary Compensation Table

The following table sets forth a summary of compensation paid to or earned by the NEOs during the financial years ended December 31, 2020, 2019 and 2018.

Name and Principal Position	Year Ended Dec. 31	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
Steve Cochrane Chief Executive Officer and Director	2020	180,000	Nil	Nil	Nil	Nil	Nil	Nil	180,000
	2019	175,000	Nil	Nil	Nil	Nil	Nil	Nil	175,000
	2018	120,000	Nil	Nil	Nil	Nil	Nil	Nil	120,000
Robert Gillies Chief Financial Officer <sup>(1)</sup>	2020	Nil	Nil		Nil	Nil	Nil	Nil	Nil
	2019	48,000	Nil	Nil	Nil	Nil	Nil	Nil	48,000
	2018	39,500	Nil	Nil	Nil	Nil	Nil	Nil	39,500
Jana Lillies Chief Financial Officer <sup>(1)</sup>	2020	28,950	Nil	Nil	Nil	Nil	Nil	Nil	28,950
Terry Walker VP Exploration <sup>(3)</sup>	2020	111,103	Nil		Nil	Nil	Nil	Nil	111,103
	2019	186,807	Nil	Nil	Nil	Nil	Nil	Nil	186,807
	2018	218,869	Nil	Nil	Nil	Nil	Nil	Nil	218,869

### Notes:

- (1) Mr. Gillies resigned February 3, 2020; Ms. Lillies was appointed CFO following the resignation of Mr. Gillies  
(2) Consulting fees paid to a corporation controlled by Mr. Walker, for his services as VP exploration

## Incentive Plan Awards

### Outstanding Share-based Awards and Option-Based Awards

The following table sets forth the share-based and option-based awards granted to the Named Executive Officers that are outstanding at the end of the financial year ended December 31, 2020.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <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 (\$)
Steve Cochrane	600,000	0.45	August 10, 2022	Nil	N/A	N/A	N/A
Jana Lillies	175,000	0.10	February 22, 2021	21,000	N/A	N/A	N/A
Terry Walker	450,000	0.25	February 22, 2022	Nil	N/A	N/A	N/A

**Notes:**

(1) Calculated based on the difference between the respective exercise prices of the stock options and \$0.22, being the closing price of the Common Shares on December 31, 2020, the last day on which the Common Shares traded during the 2020 financial year.

### Value Vested or Earned during the Year

The following table sets forth the value vested or earned, during the financial year ended December 31, 2020, of option-based awards, share-based awards and non-equity incentive plan compensation granted to Named Executive Officers.

Name	Option-based awards Value vested during the year <sup>(1)</sup> (\$)	Share-based awards Value vested during the year (\$)	Non-equity incentive plan compensation Value earned during the year (\$)
Steve Cochrane	Nil	N/A	N/A
Robert Gillies	Nil	N/A	N/A
Jana Lillies	Nil	N/A	N/A
Terry Walker	Nil	N/A	N/A

**Note:**

(1) Calculated based upon the difference between the exercise price of the stock options and the market price of the Common Shares on the date such options vested.

### Pension Plan Benefits

The Corporation does not have a pension plan that provides for payments or benefits at, following, or in connection with retirement. The Corporation does not have a defined contribution plan or deferred compensation plans.

### Termination and Change of Control Benefits

Other than disclosed herein, the Corporation is not a party to any contract, agreement, plan or arrangement that provides for payments to a current Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation, its subsidiaries or affiliates or a change in a Named Executive Officer's responsibilities.

The employment agreement for Mr. Cochrane provides for a lump sum severance payment equal to twelve months base salary if termination occurs without just cause or if the executive terminates the agreement on a change of control.

Name of NEO	Base Salary (\$)	Bonus (\$)	Options (#)	Unpaid Vacation (\$)	Total Obligation (\$)
<b>Termination Without Cause or Change of Control</b>					
Steve Cochrane	\$180,000	Nil	Nil	Nil	\$180,000

## Directors Compensation

No cash compensation was paid to directors of the Corporation in their roles as directors. Quarterly meeting fees were paid to certain directors in 2018 and 2019. Stock options are granted to provide an incentive to the directors of the Corporation to achieve the longer-term objectives of the Corporation. The purpose of the Plan is to, among other things, to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation. At this time, other than the issuance of Options, no other compensation is paid to directors of the Corporation in their roles as directors.

### Directors Compensation Table

The following table sets forth the value of all compensation provided to directors of the Corporation, not including the directors who were also Named Executive Officers, during the financial year ended December 31, 2020.

Name <sup>(1)</sup>	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other Compensation (\$)	Total (\$)
Al Kroontje	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Kenneth DeWyn	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Kenneth Booth	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Andrew Bowering	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Jose de Castro Alem	Nil	Nil	Nil	Nil	Nil	13,266 <sup>(4)</sup>	13,266

#### Notes:

- (1) Information regarding the compensation received by Steve Cochrane, Robert Gillies and Terry Walker, who were directors and Named Executive Officers of the Corporation during the financial year ended December 31, 2020, may be found under the heading "Summary Compensation Table".
- (2) Directors fees paid to a corporation controlled by Mr. Bowering
- (3) The estimated fair value was calculated at the time the options were granted using Black-Scholes based on the following weighted average assumptions: risk-free interest rate of 1.83%, expected life of 5 years, no annual dividends and expected volatility of 149%.
- (4) Consulting fees paid as Manager – Lithium Operations

### Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth the share-base and option-based awards granted to directors of the Corporation, not including the directors who were also Named Executive Officers, that were outstanding at the end of the financial year ended December 31, 2020.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <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 (\$)
Al Kroontje	450,000	0.25	February 22, 2022	Nil	N/A	N/A	N/A
Kenneth DeWyn <sup>1</sup>	350,000	0.10	February 18, 2021	42,000	N/A	N/A	N/A
Kenneth Booth	350,000	0.25	February 22, 2022	Nil	N/A	N/A	N/A
Jose de Castro Alem	300,000	0.52	January 7, 2024	Nil	N/A	N/A	N/A
Kelly Kimbley	Nil	N/A	N/A	Nil	N/A	N/A	N/A

#### Notes:

- (1) Calculated based on the difference between the respective exercise prices of the stock options and \$0.22, being the closing price of the Common Shares on December 31, 2020, the last day on which the Common Shares traded during the 2020 financial year.

### Value Vested or Earned during the Year

The following table sets forth the value vested or earned, during the financial year ended December 31, 2020, of option-based awards, share-based awards and non-equity incentive plan compensation granted to directors of the Corporation, not including the directors who were also Named Executive Officers.

Name	Option-based awards - Value vested during the year <sup>(1)</sup> (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Al Kroontje	Nil	Nil	Nil
Kenneth DeWyn	Nil	Nil	Nil
Kenneth Booth	Nil	Nil	Nil
Andrew Bowering	Nil	Nil	Nil
Jose de Castro Alem	Nil	Nil	Nil
Kelly Kimbley	Nil	Nil	Nil

**Note:**

(1) Calculated based upon the difference between the exercise price of the stock options and the market price of the Common Shares on the date such options vested.

### EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth certain information pertaining to the Corporation's equity compensation plan as at December 31, 2020:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by securityholders	4,683,333	\$0.43	7,045,162 <sup>(1)</sup>
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
<b>Total</b>	<b>4,683,333</b>		<b>7,045,162</b>

**Note:**

(1) The number of authorized but unissued Common Shares that may be issued upon exercise of Options granted under the Plan at any time may not exceed 10% of the issued and outstanding Common Shares from time to time. At December 31, 2020 there were 117,284,955 Common Shares issued and outstanding

Please refer to "*Particulars of Matters to be Acted Upon – Approval of Stock Option Plan*" above for a description of the material features of the Plan.

### MANAGEMENT CONTRACTS

Management functions of the Corporation are performed by the directors and executive officers of the Corporation. The Corporation has an employment contract with Steve Cochrane which is reviewed on an annual basis.

### INDEBTEDNESS OF DIRECTORS AND OFFICERS

Other than disclosed herein, there is no indebtedness outstanding of any current or former director, executive officer or employee of the Corporation or any of its subsidiaries which is owing to the Corporation or any of its subsidiaries or to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, entered into in connection with a purchase of securities or otherwise.

Pursuant to an employment agreement entered into during 2017, the Corporation loaned Mr. Cochrane \$93,200 to purchase 233,000 shares of the Corporation. The note bears interest at 2% per annum is repayable in annual instalments of 5% of the principal sum each January 1<sup>st</sup> and is due in full October 30, 2022.

The shares are held as security for the note receivable and shall be released on a proportionate basis following each annual loan repayment. The loan was repaid in full, with interest, subsequent to the year ended December 31, 2020.

### INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as set forth in this Information Circular, the management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year or any proposed nominee for election as a director, or any associate or affiliate of any of the foregoing persons, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors. All of the directors and officers have received Options and may receive additional Options pursuant to the Plan.

### AUDIT COMMITTEE DISCLOSURE

The audit committee (the "**Audit Committee**") is a committee of the Board established for the purpose of overseeing the accounting and financial reporting process of the Corporation and annual external audits of the financial statements. The Audit Committee has set out its responsibilities and composition requirements in fulfilling its oversight in relation to the Corporation's internal accounting standards and practices, financial information, accounting systems and procedures, which procedures are set out in the Corporation's audit committee mandate.

#### Audit Committee Charter

The Board has developed a written audit committee charter (the "**Charter**"). A copy of the Charter is attached hereto as Schedule "B" to this Information Circular.

#### Composition of the Audit Committee

The Audit Committee consists of Kenneth Booth, Kenneth DeWyn and Kelly Kimbley, all of whom are "financially literate" within the meaning of National Instrument 52-110 *Audit Committees* ("**NI 52-110**"). Kenneth Booth, Kenneth DeWyn and Kelly Kimbley are considered to be "independent" within the meaning of NI 52-110.

#### Relevant Education and Experience of Audit Committee Members

**Kenneth Booth** – Mr. Booth has an MBA and more than 35 years of experience in exploration, mining and corporate finance and public company administration. In mining corporate finance, he has worked for two of Canada's largest investment banks executing numerous equity financings for both junior and senior companies and was involved in a variety of significant mergers and acquisitions. For over 20 years he has served as an officer and director of several public mining exploration companies including serving as an audit committee member.

**Kenneth DeWyn** – Mr. DeWyn is a business performance consultant, former and current director with several energy companies, and Executive Director for CSCE. Previously, he was the owner/operator of a private aviation company in Calgary. Mr. DeWyn has also been a former director of a number of CPCs that were listed on the TSX Venture Exchange.

**Kelly Kimbley** – Mr. Kimbley has significant experience as a senior officer and board member of numerous Canadian public and private companies. Mr. Kimbley has significant capital markets experience and has served as an audit committee member of public companies. Mr. Kimbley holds a Bachelor of Laws from the University of Saskatchewan and is a member of The Law Society of Alberta.

#### Audit Committee Oversight

At no time since the commencement of the Corporation's fiscal year ended December 31, 2020 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

#### Reliance on Certain Exemptions

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

#### Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Charter under the heading "*Approval of Audit and Remitted Non-Audit Services Provided by External Auditors*".



### External Auditor Service Fees (By Category)

The following table provides information about the fees billed to the Corporation for professional services rendered by MNP LLP for the fiscal years ended December 31, 2020 and 2019:

	2020	2019
Audit Fees <sup>(1)</sup>	32,700	\$30,000
Audit-Related Fees	2,289	\$2,100
Tax Fees	3,200	--
All other Fees	--	--
<b>Total<sup>(2)</sup></b>	<b>38,189</b>	<b>\$32,100</b>

**Notes:**

- (1) Audit fees were for professional services rendered by the auditors for the audit of the Corporation's annual financial statements as well as services provided in connection with statutory and regulatory filings.
- (2) These fees only represent professional services rendered and do not include any out-of-pocket disbursements or fees associated with filings made on the Corporation's behalf.

### CORPORATE GOVERNANCE DISCLOSURE

Corporate governance refers to the policies and structure of the board of directors of a corporation, whose members are elected by and are accountable to the shareholders of the corporation. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices, as such practices are in the interests of Shareholders and help to contribute to effective and efficient decision-making.

The Board believes that good corporate governance improves corporate performance and benefits all Shareholders. The Canadian Securities Administrators (the "**CSA**") have adopted National Policy 58-201 *Corporate Governance Guidelines*, which provides guidelines on corporate governance practices for reporting issuers such as the Corporation. In addition, the CSA have implemented National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), which prescribes certain disclosure by the Corporation of its corporate governance practices. This disclosure is presented below.

#### Board of Directors

NI 58-101, when taken together with Section 1.4 of NI 52-110, provides that a member is "independent" if the member has no direct or indirect material relationship with the issuer, a "material relationship" being one which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment.

The Board is currently comprised of seven (7) members, of which three (3) are independent directors for the purposes of NI 58-101. The independent directors are Kenneth Booth, Kenneth DeWyn and Kelly Kimbley. Al J. Kroontje is not considered to be independent as a result of being the Chairman of the Corporation; Terence Walker is not considered to be independent as a result of being the Vice President – Exploration of the Corporation; Steve Cochrane is not considered to be independent as a result of being President and Chief Executive Officer of the Corporation; and Jose de Castro is not considered to be independent as a result of being Manager – Lithium Operations of the Corporation. Management is nominating the same seven (7) individuals for election to the Board at the Meeting.

The Board facilitates its exercise of independent judgement in carrying out its responsibilities by carefully examining issues and consulting with outside counsel and other advisors in appropriate circumstances. The Board requires management to provide complete and accurate information with respect to the Corporation's activities and to provide relevant information concerning the industry in which the Corporation operates in order to identify and manage risks. The Board is responsible for monitoring the Corporation's senior officers, who in turn are responsible for the maintenance of internal controls and management information systems.

## Directorships

Other than as set forth below, none of the directors hold directorships in other reporting issuers (or the equivalent) in jurisdictions in Canada or a foreign jurisdiction.

<u>Director</u>	<u>Other Reporting Issuers</u>
Al J. Kroontje	San Lorenzo Gold Corp. Whitemud Resources Inc. Stuve Gold Corp. Hoshi Capital Corp.
Steve Cochrane	Angkor Resources Corp. Fission 3.0 Corp China Keli Electric Company Ltd.
Kenneth DeWyn	PetroFrontier Corp.
Terence Walker	San Lorenzo Gold Corp. Stuve Gold Corp.
Kenneth Booth	Angkor Resources Corp. Heliostar Metals Ltd. Gitennes Exploration Inc. San Lorenzo Gold Corp.
Jose de Castro Alem	N/A
Kelly Kimbley	PetroFrontier Corp. San Lorenzo Gold Corp.

## Orientation and Continuing Education of Board Members

While the Corporation currently has no formal orientation and education program for new Board members, sufficient information (such as policies, recent financial statements, prospectuses, proxy solicitation materials, filing statements, marketing and business plans and various other operating, financial and budget reports) will be provided to any new Board member to ensure that new directors are familiarized with the Corporation's business and the procedures of the Board. In addition, new directors will be encouraged to visit and meet with management on a regular basis and are given the opportunity to meet with counsel to the Corporation to discuss their legal obligations. The Corporation will also encourage continuing education of its directors and officers where appropriate in order to ensure that they have the necessary skills and knowledge to meet their respective obligations to the Corporation.

## Measures to Encourage Ethical Business Conduct

The Board encourages and promotes a culture of ethical business conduct through communication and supervision as part of its overall stewardship responsibility. The Board does not currently have a written code of ethics. The Board is of the view that the fiduciary duties placed on individual directors pursuant to corporate legislation and the common law, and the conflict of interest provisions under corporate legislation which restricts 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.

When discussing potential transactions and agreements where a director has an interest, that director will be expected to disclose that interest to the Board and if necessary, the Board may ask that director not to participate in the ensuing discussion and/or voting on that particular transaction and/or agreement

## Nomination of Board Members

The Board will consider its size each year when it considers the number of directors to recommend to the Shareholders for election at the annual meeting of Shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience. While there are no specific criteria for Board membership, the Corporation will attempt to attract and maintain directors with appropriate knowledge and skills which would assist in guiding the officers of the Corporation.

### **Compensation of Directors and Officers**

The Board is responsible for determining compensation payable to executive officers and directors of the Corporation. The Board has determined at this time not to establish a compensation committee. See "*Statement of Executive Compensation*".

### **Other Board Committees**

The Corporation has a combined Compensation, Corporate Governance and Nominating Committee comprised of Al Kroontje, Ken DeWyn and Ken Booth with Al Kroontje acting as Chair of the Compensation, Corporate Governance and Nominating Committee.

It is the responsibility of the Board as a whole to make decisions regarding executive compensation matters. The Corporation's compensation program is intended to support its commitment to delivering strong performance for Shareholders. The Corporation's overall objective of its compensation philosophy will be the attraction, motivation and retention of quality, experienced people to achieve the Corporation's strategic objectives and to align the interests of its executive officers and employees with the long-term interest of the Shareholders.

Currently the executive compensation is comprised of the following components: (i) base salary, (ii) bonus and (iii) incentive stock options. Together, these components are designed to address the key objectives of the Corporation's compensation program. There are no formal performance metrics or criteria related to either salary or performance bonuses. The Compensation Committee reviews and makes recommendations to the Board for salaries and any performance bonuses on an annual basis.

### **Assessment of Directors, the Board and Board Committees**

The Board have not implemented a formal process for assessing its effectiveness or the effectiveness of its individual members or its committees. As a result of the Corporation's size, its stage of development and the limited number of individuals on the Board, the Board consider a formal assessment process to be unnecessary at this time. The Board plans to continue evaluating its own effectiveness on an ad hoc basis.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

To the knowledge of the Corporation, no director or officer of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any other insider of the Corporation, nor any associate or affiliate of any one of them has or has had, at any time since the beginning of the year ended December 31, 2020, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Corporation or any of its subsidiaries.

### **LEGAL PROCEEDINGS**

The directors and senior officers of the Corporation are not aware of any material litigation outstanding, threatened or pending, as of the date hereof by or against the Corporation.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information regarding the Corporation is provided in the Corporation's comparative financial statements and management's discussion and analysis for its most recently completed financial year. Securityholders of the Corporation may contact the Corporation at its office address at 900, 903 - 8<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 0P7, to request copies of the Corporation's financial statements and management's discussion and analysis.

**SCHEDULE "A"**  
**STOCK OPTION PLAN**

**1. Purpose**

The purpose of this Plan is to provide an incentive to the directors, officers, Employees, Consultants and other personnel of the Corporation or any of its subsidiaries to achieve the longer-term objectives of the Corporation; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation; and to attract to and retain in the employ of the Corporation or any of its subsidiaries, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

**2. Definitions and Interpretation**

When used in this Plan, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them as follows:

- (a) **"Board of Directors"** means the Board of Directors of the Corporation;
- (b) **"Common Shares"** means common shares in the capital of the Corporation and any shares or securities of the Corporation into which such common shares are changed, converted, subdivided, consolidated or reclassified;
- (c) **"Corporation"** means Lithium Chile Inc. and any successor corporation and any reference herein to action by the Corporation means action by or under the authority of its Board of Directors or a duly empowered committee appointed by the Board of Directors;
- (d) **"Discounted Market Price"** means the last per share closing price for the Common Shares on the Exchange before the date of grant of an Option, less any applicable discount under Exchange Policies;
- (e) **"Exchange"** means the TSX Venture Exchange Inc. or any other stock exchange on which the Common Shares are listed;
- (f) **"Exchange Policies"** means the policies of the Exchange, including those set forth in the Corporate Finance Manual of the Exchange;
- (g) **"Insider"** has the meaning ascribed thereto in Exchange Policies;
- (h) **"Option"** means an option granted by the Corporation to an Optionee entitling such Optionee to acquire a designated number of Common Shares from treasury at a price determined by the Board of Directors;
- (i) **"Option Period"** means the period determined by the Board of Directors during which an Optionee may exercise an Option, not to exceed the maximum period permitted by the Exchange, which maximum period is ten (10) years from the date the Option is granted;
- (j) **"Optionee"** means a person who is a director, officer, Employee, Consultant or other personnel of the Corporation or a subsidiary of the Corporation; a corporation wholly-owned by such persons; or any other individual or body corporate who may be granted an option pursuant to the requirements of the Exchange, who is granted an Option pursuant to this Plan;
- (k) **"Plan"** shall mean the Corporation's incentive stock option plan as embodied herein and as from time to time amended; and

Capitalized terms in this Plan that are not otherwise defined herein shall have the meaning set out in the Exchange Policies, including without limitation "Consultant", "Employee", "Insider", "Investor Relations Activities", "Management Company Employee", "Tier 1 Issuer" and "Tier 2 Issuer".

Wherever the singular or masculine is used in this Plan, the same shall be construed as meaning the plural or feminine or body corporate and vice versa, where the context or the parties so require.

### 3. **Administration**

This Plan shall be administered by the Board of Directors. The Board of Directors shall have full and final discretion to interpret the provisions of this Plan and to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of this Plan. All decisions and interpretations made by the Board of Directors shall be binding and conclusive upon the Corporation and on all persons eligible to participate in this Plan, subject to shareholder approval if required by the Exchange. Notwithstanding the foregoing or any other provision contained herein, the Board of Directors shall have the right to delegate the administration and operation of this Plan to a special committee of directors appointed from time to time by the Board of Directors, in which case all references herein to the Board of Directors shall be deemed to refer to such committee.

### 4. **Eligibility**

The Board of Directors may at any time and from time to time designate those Optionees who are to be granted an Option pursuant to this Plan and grant an Option to such Optionee. Subject to Exchange Policies and the limitations contained herein, the Board of Directors is authorized to provide for the grant and exercise of Options on such terms (which may vary as between Options) as it shall determine. No Option shall be granted to any person except upon recommendation of the Board of Directors. A person who has been granted an Option may, if he is otherwise eligible and if permitted by Exchange Policies, be granted an additional Option or Options if the Board of Directors shall so determine. Subject to Exchange Policies, the Corporation and any Optionee shall represent that the Optionee is a bona fide Employee, Consultant or Management Company Employee (as such terms are defined in Exchange Policies) in respect of Options granted to such Optionee.

### 5. **Participation**

Participation in this Plan shall be entirely voluntary and any decision not to participate shall not affect an Optionee's relationship or employment with the Corporation.

Notwithstanding any express or implied term of this Plan or any Option to the contrary, the granting of an Option pursuant to this Plan shall in no way be construed as conferring on any Optionee any right with respect to continuance as a director, officer, Employee or Consultant of the Corporation or any subsidiary of the Corporation.

Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be a director or officer of or a Consultant to the Corporation or any of its subsidiaries, where the Optionee at the same time becomes or continues to be a director, officer or full-time Employee of or a Consultant to the Corporation or any of its subsidiaries.

No Optionee shall have any of the rights of a shareholder of the Corporation in respect to Common Shares issuable on exercise of an Option until such Common Shares shall have been paid for in full and issued by the Corporation on exercise of the Option, pursuant to this Plan.

### 6. **Common Shares Subject to Options**

The number of Common Shares reserved for issuance to any one person pursuant to Options granted under this Plan shall be subject to the following restrictions:

- (a) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to any one Optionee, other than a Consultant, in any 12 month period may not exceed 5% of the Corporation's total issued and outstanding Common Shares, unless disinterested shareholder approval is obtained, and further, the aggregate number of Common Shares reserved for issuance pursuant to Options to any individual director or officer shall not exceed 5% of the Common Shares of the Corporation outstanding as at the closing of the initial public offering of the Corporation;
- (b) the aggregate number of Common Shares issuable pursuant to Options granted to Insiders pursuant to this Plan may not exceed 10% of the Corporation's total issued and outstanding Common Shares, unless disinterested shareholder approval is obtained;
- (c) the aggregate number of Common Shares issued to Insiders pursuant to this Plan in any 12 month period may not exceed 10% of the Corporation's total issued and outstanding Common Shares, unless disinterested shareholder approval is obtained;

- (d) no more than 2% of the total issued and outstanding Common Shares at the time of grant may be granted to any one Consultant in any 12 month period, and further, the aggregate number of Common Shares reserved for issuance pursuant to Options to all technical Consultants shall not exceed 2% of the Common Shares of the Corporation outstanding as at the closing of the initial public offering; and
- (e) no more than an aggregate of 2% of the total issued and outstanding Common Shares at the time of grant may be granted to all persons engaged to conduct Investor Relations Activities in any 12 month period (provided that while the Corporation is a CPC it must not grant any Options to such persons employed in Investor Relations Activities).

Appropriate adjustments shall be made as set forth in Section 14 hereof, in both the number of Common Shares covered by individual grants and the total number of Common Shares authorized to be issued hereunder, to give effect to any relevant changes in the capitalization of the Corporation.

If any Option granted hereunder shall expire or terminate for any reason without having been exercised in full, the unpurchased Common Shares subject thereto shall again be available for the purpose of this Plan.

#### 7. **Option Agreement**

A written agreement will be entered into between the Corporation and each Optionee to whom an Option is granted hereunder, which agreement will set out the number of Common Shares subject to option, the exercise price and any other terms and conditions approved by the Board of Directors, all in accordance with the provisions of this Plan (herein referred to as the "**Stock Option Agreement**"). The Stock Option Agreement will be in such form as the Board of Directors may from time to time approve, and may contain such terms as may be considered necessary in order that the Option will comply with any provisions respecting options in the income tax or other laws in force in any country or jurisdiction of which the Optionee may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation.

#### 8. **Option Period and Exercise Price**

Each Option and all rights thereunder shall be expressed to expire on the date set out in the respective Stock Option Agreement, which shall be the date of the expiry of the Option Period (the "**Expiry Date**"), subject to earlier termination as provided in Sections 10 and 11 hereof.

Subject to Exchange Policies and any limitations imposed by any relevant regulatory authority, the exercise price of an Option granted under this Plan shall be as determined by the Board of Directors when such Option is granted and shall be an amount at least equal to the Discounted Market Price of the Common Shares (provided that while the Corporation is a CPC the exercise price of an Option granted under this Plan may not be less than the greater of (i) the price at which Common Shares are sold pursuant to the initial public offering of the Corporation, and (ii) the Discounted Market Price of the Common Shares).

#### 9. **Exercise of Options**

An Optionee shall be entitled to exercise an Option granted to him at any time prior to the expiry of the Option Period, subject to Sections 10 and 11 hereof and to vesting limitations which may be imposed by the Board of Directors at the time such Option is granted. Subject to Exchange Policies, the Board of Directors may, in its sole discretion, determine the time during which an Option shall vest and the method of vesting, or that no vesting restriction shall exist.

The exercise of any Option will be conditional upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Common Shares in respect of which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Common Shares with respect to which the Option is being exercised.

Common Shares shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such Common Shares pursuant thereto shall comply with all relevant provisions of applicable securities law, including, without limitation, the 1933 Act, the *United States Securities and Exchange Act of 1934, as amended*, applicable U.S. state laws, the rules and regulations promulgated thereunder, and the requirements of any stock exchange or consolidated stock price reporting system on which prices for the Common Shares are quoted at any given time.

As a condition to the exercise of an Option, the Corporation may require, among other things, that the person exercising such Option to represent and warrant at the time of any such exercise that the Common Shares are being purchased only for investment and without any present intention to sell or distribute such Common Shares if, in the opinion of counsel for the Corporation, such a representation is required by law.

No Option granted pursuant to this Plan may be exercised before the completion of the Qualifying Transaction unless the Optionee agrees in writing to deposit the shares acquired into escrow until the issuance of the Final Exchange Bulletin (as defined in Policy 2.4).

**10. Blackout Extension Period**

If an Option is to expire during a period when the Optionee is prohibited by the Corporation from exercising such Option or from trading in Common Shares of the Corporation pursuant to its applicable policies in respect of insider trading (a "**Blackout Period**"), the expiration date of such Option shall be extended for a period of ten (10) business days immediately following the end of the Blackout Period. This Section 10 applies to all Options outstanding under the Plan.

**11. Ceasing to be a Director, Officer, Employee or Consultant**

If an Optionee ceases to be a director, officer, Employee or Consultant of the Corporation or its subsidiaries for any reason other than death, the Optionee may, but only within a reasonable period, to be set out in the applicable Stock Option Agreement at the time of the grant, following the Optionee's ceasing to be a director, officer, employee or consultant (or 30 days in the case of an Optionee engaged in Investor Relations Activities) or prior to the expiry of the Option Period, whichever is earlier, exercise any Option held by the Optionee, but only to the extent that the Optionee was entitled to exercise the Option at the date of such cessation. For greater certainty, any Optionee who is deemed to be an Employee of the Corporation pursuant to any medical or disability plan of the Corporation shall be deemed to be an Employee for the purposes of this Plan.

**12. Death of Optionee**

In the event of the death of an Optionee, the Option previously granted to him shall be exercisable within one (1) year following the date of the death of the Optionee or prior to the expiry of the Option Period, whichever is earlier, and then only:

- (a) by the person or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or the laws of descent and distribution, or by the Optionee's legal personal representative; and
- (b) to the extent that the Optionee was entitled to exercise the Option at the date of the Optionee's death.

**13. Optionee's Rights Not Transferable**

No right or interest of any Optionee in or under this Plan is assignable or transferable, in whole or in part, either directly or by operation of law or otherwise in any manner except by bequest or the laws of descent and distribution, subject to the requirements of the Exchange, or as otherwise allowed by the Exchange.

Subject to the foregoing, the terms of this Plan shall bind the Corporation and its successors and assigns, and each Optionee and his heirs, executors, administrators and personal representatives.

**14. Takeover or Change of Control**

The Corporation shall have the power, in the event of:

- (a) any disposition of all or substantially all of the assets of the Corporation, or the dissolution, merger, amalgamation or consolidation of the Corporation with or into any other corporation or of such corporation into the Corporation, or
- (b) any change in control of the Corporation,

to make such arrangements as it shall deem appropriate for the exercise of outstanding Options or continuance of outstanding Options, including without limitation, to amend any Stock Option Agreement to permit the exercise of any or all of the remaining Options prior to the completion of any such transaction.

If the Corporation shall exercise such power, the Option shall be deemed to have been amended to permit the exercise thereof in whole or in part by the Optionee at any time or from time to time as determined by the Corporation prior to the completion of such transaction.

**15. Anti-Dilution of the Option**

In the event of:

- (a) any subdivision, redivision or change of the Common Shares at any time during the term of the Option into a greater number of Common Shares, the Corporation shall deliver, at the time of any exercise thereafter of the Option, such number of Common Shares as would have resulted from such subdivision, redivision or change if the exercise of the Option had been made prior to the date of such subdivision, redivision or change;
- (b) any consolidation or change of the Common Shares at any time during the term of the Option into a lesser number of Common Shares, the number of Common Shares deliverable by the Corporation on any exercise thereafter of the Option shall be reduced to such number of Common Shares as would have resulted from such consolidation or change if the exercise of the Option had been made prior to the date of such consolidation or change;
- (c) any reclassification of the Common Shares at any time outstanding or change of the Common Shares into other shares, or in case of the consolidation, amalgamation or merger of the Corporation with or into any other corporation (other than a consolidation, amalgamation or merger which does not result in a reclassification of the outstanding Common Shares or a change of the Common Shares into other shares), or in case of any transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation, at any time during the term of the Option, the Optionee shall be entitled to receive, and shall accept, in lieu of the number of Common Shares to which he was theretofore entitled upon exercise of the Option, the kind and amount of shares and other securities or property which such holder would have been entitled to receive as a result of such reclassification, change, consolidation, amalgamation, merger or transfer if, on the effective date thereof, he had been the holder of the number of Common Shares to which he was entitled upon exercise of the Option.

Adjustments shall be made successively whenever any event referred to in this section shall occur. For greater certainty, the Optionee shall pay for the number of shares, other securities or property as aforesaid, the amount the Optionee would have paid if the Optionee had exercised the Option prior to the effective date of such subdivision, redivision, consolidation or change of the Common Shares or such reclassification, consolidation, amalgamation, merger or transfer, as the case may be.

**16. Costs**

The Corporation shall pay all costs of administering this Plan.

**17. Termination and Amendment**

- (a) The Board of Directors may amend or terminate this Plan or any outstanding Option granted hereunder at any time without the approval of the shareholders of the Corporation or any Optionee whose Option is amended or terminated, in order to conform this Plan or such Option, as the case may be, to applicable law or regulation or the requirements of the Exchange or any relevant regulatory authority, whether or not such amendment or termination would affect any accrued rights, subject to the approval of the Exchange or such regulatory authority.
- (b) The Board of Directors may amend or terminate this Plan or any outstanding Option granted hereunder for any reason other than the reasons set forth in Section 16(a) hereof, subject to the approval of the Exchange or any relevant regulatory authority and the approval of the shareholders of the Corporation if required by the Exchange or such regulatory authority. Subject to Exchange Policies, disinterested shareholder approval will be obtained for any reduction in the exercise price of an Option if the Optionee is an Insider of the Corporation at the time of the proposed amendment. No such amendment or termination will, without the consent of an Optionee, alter or impair any rights which have accrued to him prior to the effective date thereof.



- (c) This Plan, and any amendments thereto, shall be subject to acceptance and approval by the Exchange. Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless and until such approval and acceptance are given.

**18. Withholding Tax**

Upon exercise of an Option, the Optionee will, upon notification of the amount due and prior to or concurrently with the delivery of the certificates representing the Common Shares, pay to the Corporation amounts necessary to satisfy applicable withholding tax requirements or will otherwise make arrangements satisfactory to the Corporation for such requirements. In order to implement this provision, the Corporation or any related corporation will have the right to retain and withhold from any payment of cash or Common Shares under the Plan the amount of taxes required to be withheld or otherwise deducted and paid in respect of such exercise. At its discretion, the Corporation may require an Optionee receiving Common Shares upon the exercise of an Option to reimburse the Corporation for any such taxes required to be withheld by the Corporation and withhold any distribution to the Optionee in whole or in part until the Corporation is so reimbursed. In lieu thereof, the Corporation will have the right to withhold from any cash amount due or to become due from the Corporation to the Optionee an amount equal to such taxes. The Corporation may also retain and withhold or the Optionee may elect, subject to approval by the Corporation at its sole discretion, to have the Corporation retain and withhold a number of Common Shares having a market value not less than the amount of such taxes required to be withheld by the Corporation to reimburse the Corporation for any such taxes and cancel (in whole or in part) any such Common Shares issuable upon exercise of an Option so withheld.

**19. Applicable Law**

This Plan shall be governed by, administered and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

**20. Prior Plans**

On the effective date (as set out in Section 19 hereof), subject to Exchange approval and, if required, shareholder approval:

- (a) this Plan shall entirely replace and supersede prior stock option plans, if any, enacted by the Corporation; and
- (b) all outstanding options shall be deemed to be granted pursuant to this Plan.

**21. Effective Date**

This Plan shall become effective as of and from, and the effective date of this Plan shall be January 25, 2022 upon receipt of all necessary shareholder and regulatory approvals.

**22. Legends on Hold Periods**

If required by the Exchange policies or applicable securities laws, the Common Shares issued on exercise of the Options will be legended.

**SCHEDULE "B"**  
**AUDIT COMMITTEE CHARTER**

**LITHIUM CHILE INC.**  
(the "Corporation")

**AUDIT COMMITTEE MANDATE**

**OVERALL ROLE AND RESPONSIBILITY**

The Audit Committee shall:

1.1 Assist the board of directors of the Corporation (the "**Board of Directors**") in its oversight role with respect to:

- (a) the quality and integrity of financial information;
- (b) the independent auditor's performance, qualifications and independence;
- (c) the performance of the Corporation's internal audit function, if applicable;
- (d) the Corporation's compliance with legal and regulatory requirements; and

1.2 Prepare such reports of the Audit Committee required to be included in the information/proxy circular of the Corporation in accordance with applicable laws or the rules of applicable securities regulatory authorities.

**MEMBERSHIP AND MEETINGS**

The Audit Committee shall consist of three (3) or more Directors appointed by the Board of Directors, the majority of whom shall not be officers or employees of the Corporation or any of the Corporation's affiliates. Each of the members of the Audit Committee shall satisfy the applicable independence and experience requirements of the laws governing the Corporation, and applicable securities regulatory authorities.

The Board of Directors shall designate one (1) member of the Audit Committee as the Audit Committee Chair. Each member of the Audit Committee shall be financially literate as such qualification is interpreted by the Board of Directors in its business judgment. The Board of Directors shall determine whether and how many members of the Audit Committee qualify as a financial expert as defined by applicable law.

**STRUCTURE AND OPERATIONS**

The affirmative vote of a majority of the members of the Audit Committee participating in any meeting of the Audit Committee is necessary for the adoption of any resolution.

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. The Committee shall report to the Board of Directors on its activities after each of its meetings at which time minutes of the prior Committee meeting shall be tabled for the Board of Directors.

The Audit Committee shall review and assess the adequacy of this Charter periodically and, where necessary, will recommend changes to the Board of Directors for its approval.

The Audit Committee is expected to establish and maintain free and open communication with management and the independent auditor and shall periodically meet separately with each of them.

**SPECIFIC DUTIES**

**Oversight of the Independent Auditor**

- Make recommendations to the Board of Directors for the appointment and replacement of the independent auditor.
- Responsibility for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.

- Authority to pre-approve all audit services and permitted non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.
- Evaluate the qualifications, performance and independence of the independent auditor, including: (i) reviewing and evaluating the lead partner on the independent auditor's engagement with the Corporation, and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.
- Obtain from the independent auditor and review the independent auditor's report regarding the management internal control report of the Corporation to be included in the Corporation's annual information/proxy circular, as required by applicable law.
- Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law (currently at least every five years).

### **Financial Reporting**

- Review and discuss with management and the independent auditor:
  - prior to the annual audit the scope, planning and staffing of the annual audit;
  - the annual audited financial statements;
  - the Corporation's annual and quarterly disclosures made in management's discussion and analysis;
  - approve any reports for inclusion in the Corporation's Annual Report, if any, as required by applicable legislation;
  - the Corporation's quarterly financial statements, including the results of the independent auditor's review of the quarterly financial statements and any matters required to be communicated by the independent auditor under applicable review standards;
  - significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements;
  - any significant changes in the Corporation's selection or application of accounting principles;
  - any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies; and
  - other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
- Discuss with the independent auditor matters relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management.

### **AUDIT COMMITTEE'S ROLE**

The Audit Committee has the oversight role set out in this Charter. Management, the Board of Directors, the independent auditor and the internal auditor all play important roles in respect of compliance and the preparation and presentation of financial information. Management is responsible for compliance and the preparation of financial statements and periodic reports. Management is responsible for ensuring the Corporation's financial statements and disclosures are complete, accurate, in accordance with generally accepted accounting principles and applicable laws. The Board of Directors in its oversight role is responsible for ensuring that management fulfills its responsibilities. The independent auditor, following the completion of its annual audit, opines on the presentation, in all material respects, of the financial position and results of operations of the Corporation in accordance with Canadian generally accepted accounting principles.

### **FUNDING FOR THE INDEPENDENT AUDITOR AND RETENTION OF OTHER INDEPENDENT ADVISORS**

The Corporation shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and to any advisors retained by the Audit Committee. The Audit Committee shall also have the authority to retain such other independent advisors as it may from time to time deem necessary or advisable for its purposes and the payment of compensation therefor shall also be funded by the Corporation.

**APPROVAL OF AUDIT AND REMITTED NON-AUDIT SERVICES PROVIDED BY EXTERNAL AUDITORS**

Over the course of any year there will be two levels of approvals that will be provided. The first is the existing annual Audit Committee approval of the audit engagement and identifiable permitted non-audit services for the coming year. The second is in-year Audit Committee pre-approvals of proposed audit and permitted non-audit services as they arise.

Any proposed audit and permitted non-audit services to be provided by the External Auditor to the Corporation or its subsidiaries must receive prior approval from the Audit Committee, in accordance with this protocol. The Chief Financial Officer shall act as the primary contact to receive and assess any proposed engagements from the External Auditor.

Following receipt and initial review for eligibility by the primary contacts, a proposal would then be forwarded to the Audit Committee for review and confirmation that a proposed engagement is permitted.

In the majority of such instances, proposals may be received and considered by the Chair of the Audit Committee (or such other member of the Audit Committee who may be delegated authority to approve audit and permitted non-audit services), for approval of the proposal on behalf of the Audit Committee. The Audit Committee Chair will then inform the Audit Committee of any approvals granted at the next scheduled meeting.