



**MANAGEMENT INFORMATION CIRCULAR**

**AND**

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

**DMG BLOCKCHAIN SOLUTIONS INC.**

**TO BE HELD ON SEPTEMBER 14, 2022**

**Dated: August 10, 2022**

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS  
to be held on September 14, 2022 at 2:00 p.m. (Vancouver time)**

**NOTICE IS HEREBY GIVEN** that the Annual General and Special Meeting (the “**Meeting**”) of the shareholders (the “**Shareholders**”) of DMG Blockchain Solutions Inc. (the “**Company**”) will be held on Wednesday, September 14, 2022 at 2:00 p.m. (Vancouver time) to consider resolutions for the following purposes:

1. to receive and consider the audited financial statements of the Company for the financial year ended September 30, 2021, together with the report of the auditors thereon (the “**Financial Statements**”);
2. to set the number of directors at four (4) members and to elect the directors of the Company for the ensuing year;
3. to appoint Kingston Ross Pasnak LLP as auditors of the Company for the ensuing year and to authorize the directors to fix their remuneration;
4. to consider and, if deemed advisable, to pass an ordinary resolution approving the Company’s 10% rolling stock option plan, as more particularly described in the accompanying management information circular (the “**Circular**”) under the heading “Particulars of Other Matters to be Acted Upon –Stock Option Plan”;
5. to consider and, if deemed advisable, to pass an ordinary resolution approving the Company’s restricted share unit plan, as more particularly described in the accompanying Circular under the heading “Particulars of Other Matters to be Acted Upon –RSU Plan”; and
6. to transact such other business as may properly be put before the Meeting or any adjournment or postponement thereof.

The Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this notice (the “**Notice**”). Also accompanying this Notice and the Circular is a form of proxy for registered Shareholders or a voting instruction form for non-registered Shareholders. Only Shareholders of record at the close of business on August 10, 2022 will be entitled to receive notice of and to vote at the Meeting. A copy of the Financial Statements has been filed, and is available, under the Company’s profile at [www.sedar.com](http://www.sedar.com).

A registered Shareholder may attend the Meeting in person or may be represented by proxy. Registered Shareholders who are unable to attend the Meeting or any adjournments or postponements thereof in person are requested to complete, date, sign and return the accompanying form of proxy for use at the Meeting or any adjournments or postponements thereof. As a registered Shareholder, you can choose from three different ways to vote your shares by proxy: (a) by mail or delivery in the addressed envelope provided or deposited at the offices of Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, on behalf of the Company, so as to arrive not later than 2:00 p.m. (Vancouver time) on September 12, 2022, or if the Meeting is adjourned or postponed, at the latest 48 hours (excluding Saturdays, Sundays and holidays) before the time set for any reconvened meeting at which the proxy is to be used; (b) by telephone (toll free) at 1-866-732-VOTE (8683); or (c) on the internet at [www.investorvote.com](http://www.investorvote.com), unless the Chair of the Meeting elects to exercise his or her discretion to accept proxies received subsequently. Late proxies may be accepted or rejected by the Chair of the Meeting in his or her discretion, and the Chair is under no obligation to accept or reject any late proxy.

If you are a non-registered Shareholder and receive these materials through your broker or through another intermediary, please complete and return the voting instruction form in accordance with the instructions provided to you by your broker or intermediary. Failure to do so may result in your shares of the Company not being voted at the Meeting.

DATED at Vancouver, BC this 10<sup>th</sup> day of August 2022.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
DMG BLOCKCHAIN SOLUTIONS INC.**

*“Sheldon Bennett”*  
Chief Executive Officer & Director

## MANAGEMENT INFORMATION CIRCULAR

as at August 10, 2022

### MANAGEMENT SOLICITATION OF PROXIES

This information circular (the “**Circular**”) is provided in connection with the solicitation of proxies by the management of **DMG Blockchain Solutions Inc.** (the “**Company**”) for use at the Annual General and Special Meeting of the shareholders of the Company (the “**Meeting**”) to be on Wednesday, September 14, 2022 at 2:00 p.m. (Vancouver time) and at any adjournments thereof for the purposes set forth in the enclosed Notice of Annual General and Special Meeting (the “**Notice**”).

The solicitation of proxies will be conducted primarily by mail. Proxies may also be solicited personally by directors, officers and regular employees of the Company. The cost of solicitation of proxies will be borne by the Company.

### INTRODUCTION

This Information Circular is furnished in connection with the solicitation of proxies by or on behalf of the management of the Company for use at the Meeting to be held via teleconference at 2:00 p.m. (Vancouver time), on Wednesday, September 14, 2022 and at any adjournment(s) or postponements(s) thereof for the purposes set forth in the accompanying Notice of Meeting.

In light of the ongoing public health concerns related to COVID-19 and in order to comply with physical distancing recommendations imposed by the federal, provincial and municipal governments and to mitigate risk to the health and safety of our communities, shareholders and employees, the Company requests that shareholders not attend the Meeting in person. The Company encourages shareholders to instead vote their shares in advance of the Meeting via mail, facsimile or online.

**If any shareholder does wish to attend the Meeting in person, please contact the Company’s Corporate Secretary at (604) 803-5396 or [john@dmgblockchain.com](mailto:john@dmgblockchain.com) in order for arrangements to be made that comply with all recommendations, regulations and orders related to the COVID-19 pandemic.** No shareholder who is experiencing any symptoms of COVID-19, including fever, cough or difficulty breathing will be permitted to attend the Meeting in person. The Company may take additional precautionary measures in relation to the Meeting as necessary or advisable in response to further developments related to the COVID-19 pandemic and shall comply with all applicable recommendations, regulations and orders related thereto. In the event it is not possible or advisable to hold the Meeting in person, the Company will announce alternative arrangements for the Meeting as promptly as practicable, which may include holding the Meeting entirely by electronic means, telephone or other communication facilities

If you are a Registered Shareholder and wish to have your vote counted, you will be required to complete, date, sign and return the accompanying form of proxy (“Proxy”) for use at the Meeting or any adjournment thereof (or vote in one of the other manners described below under the heading “Appointment and Revocation of Proxies”).

If you are a Non-Registered Shareholder and have received this Notice of Meeting and accompanying materials through an Intermediary, please complete and return the voting instructions form (“Voting Instruction Form”) provided to you in accordance with the instructions provided therein.

### GENERAL PROXY INFORMATION

#### *Solicitation of Proxies*

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged to send meeting materials directly to Registered Shareholders, as well as Non-Registered Shareholders who have consented to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (non-objecting beneficial owners). We have not arranged for Intermediaries to forward the Meeting materials to Non-Registered Shareholders who have objected to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (objecting beneficial owners). As a result, objecting beneficial owners will not receive the Meeting materials unless their Intermediary assumes the costs of delivery.

### *Appointment and Revocation of Proxies*

The individuals named in the accompanying Proxy are officers or directors of the Company. If you are a Registered Shareholder, you have the right to attend the Meeting or vote by proxy and to appoint a person or company other than the person designated in the Proxy, who need not be a Shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of Proxy.

If you are a Registered Shareholder and wish to have your shares voted at the Meeting, you will be required to submit your vote by proxy. Registered Shareholders electing to submit a proxy may do so by completing, dating and signing the enclosed Proxy and returning it to the Company's transfer agent, Computershare Investor Services Inc. ("Computershare"), in accordance with the instructions on the Proxy. Alternatively, Registered Shareholders may vote their shares via the internet or by telephone as per the instructions provided on the Proxy.

**In all cases you should ensure that the Proxy is received at least 48 hours before the Meeting or the adjournment thereof at which the Proxy is to be used.**

Registered Shareholders electing to submit a Proxy may do so by:

- i. **Internet:** Vote online at [www.investorvote.com](http://www.investorvote.com) using the Proxy Control Number found in the enclosed Proxy;
- ii. **Mail:** Completing, dating and signing the enclosed Proxy and returning it to the Company's transfer agent, Computershare, by fax within North America at 1-866-249-7775, or by mail or hand delivery at 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1; or
- iii. **Telephone:** Using a touch-tone phone to transmit voting choices to the toll-free number given in the Proxy. Registered Shareholders who choose this option must follow the instructions of the voice response system and refer to the enclosed Proxy for the toll-free number, the holder's account number and the Proxy Control Number.

Every Proxy may be revoked by an instrument in writing:

- (i) executed by the Shareholder or by his/her attorney authorized in writing or, where the Shareholder is a company, by a duly authorized officer or attorney of the company; and
- (ii) delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, at which the Proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any adjournment thereof,

or in any other manner provided by law.

**Only Registered Shareholders have the right to revoke a Proxy. Non-Registered Shareholders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective Intermediaries to revoke the Proxy on their behalf.** If you are a Non-Registered Shareholder, see "Voting by Non-Registered Shareholders" below for further information on how to vote your Common Shares.

### *Exercise of Discretion by Proxyholder*

If you vote by proxy, the persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (i) each matter or group of matters identified therein for which a choice is not specified,
- (ii) any amendment to or variation of any matter identified therein,
- (iii) any other matter that properly comes before the Meeting, and
- (iv) exercise of discretion of proxyholder.

**In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.** Management is not currently aware of any other matters that could come before the Meeting.

### *Voting by Non-Registered Shareholders*

The following information is of significant importance to Shareholders who do not hold Common Shares in their own name. Non-Registered Shareholders should note that the only Proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders.

If Common Shares are listed in an account statement provided to a Shareholder by an Intermediary, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the name of the Shareholder's Intermediary or an agent of that Intermediary. In the United States, the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Every Intermediary has its own mailing procedures and provides its own return instructions to clients. However, most Intermediaries now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. ("Broadridge") in the United States and in Canada.

If you are a Non-Registered Shareholder, you should carefully follow the instructions on the Voting Instruction Form received from Computershare or Broadridge in order to ensure that your Common Shares are voted at the Meeting. The Voting Instruction Form supplied to you will be similar to the Proxy provided to the Registered Shareholders by the Company. However, its purpose is limited to instructing the Intermediary on how to vote on your behalf.

The Voting Instruction Form sent by Computershare or Broadridge will name the same persons as the Company's Proxy to represent you at the Meeting. As a Non-Registered Shareholder you may not be recognized directly at the Meeting. In order to attend the Meeting or appoint a proxyholder of your own choosing to attend the Meeting, you should insert your own name or the name of the desired representative in the blank space provided in the Voting Instruction Form. Alternatively, you may provide other written instructions requesting that you or your desired representative attend the Meeting as proxyholder for your Intermediary. The completed Voting Instruction Form should be returned in accordance with the instructions on the form.

**If you receive a Voting Instruction Form from Computershare or Broadridge, you cannot use it to vote Common Shares directly at the Meeting – the Voting Instruction Form must be completed and returned in accordance with its instructions well in advance of the voting deadline in order to have your Common Shares voted at the Meeting.**

### *Voting by Proxy Generally*

Proxyholders other than the individuals named in the accompanying Proxy will be required to identify themselves by notice in writing to the Company by 2:00 p.m. (Vancouver time) on September 12, 2022 so that the Company can confirm their identity prior to the Meeting and facilitate their voting of the Proxies that they hold at the Meeting. Notice may be provided by e-mail to the Company at [john@dmgblockchain.com](mailto:john@dmgblockchain.com). Proxies will not be accepted at the Meeting. All Proxies must be submitted to Computershare by 2:00 p.m. (Vancouver time) on Monday, September 12, 2022. (the "Proxy Deadline").

As there will be no in person voting at the Meeting, votes received by the Proxy Deadline for each matter set out in the Notice will be tabulated in advance of the Meeting by Computershare and compiled in a Proxy report (the "Proxy Report"). The determination as to whether a particular matter has been approved, a particular individual has been appointed or a particular resolution has been passed will be made solely on the basis of the voting results set out in the Proxy Report. Since no in person voting will be permitted due to the COVID-19 pandemic and voting results respecting matters set out in the Notice will be determined solely on the basis of the voting results set out in the Proxy Report, **no ballots will be permitted at the Meeting**. All results will be determined by reference to the Proxy Report. Management will advise at the Meeting, the voting results for each matter set out in the Proxy Report and Shareholders will be entitled to request a copy of the Proxy Report from management after the Meeting.

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

Except as disclosed herein, no person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting other than the election of directors and as set

out herein. For the purpose of this paragraph, “person” shall include each person: (a) who has been a director, senior officer or insider of the Company at any time since the commencement of the Company’s last fiscal year; (b) who is a proposed nominee for election as a director of the Company; or (c) who is an associate or affiliate of a person included in subparagraphs (a) or (b). Certain of the directors and officers may be considered as having an interest in the affirmation, ratification and approval of the Stock Option Plan given their eligibility for stock options grants thereunder.

## **FINANCIAL STATEMENTS**

The audited financial statements of the Company for the fiscal year ended September 30, 2021 (the “**Financial Statements**”), together with the auditor’s report on those statements and the related Management Discussion and Analysis (“**MD&A**”), will be presented to Shareholders at the Meeting. Receipt at the Meeting of the Financial Statements and MD&A will not constitute approval or disapproval of any matters referred to therein. Copies of the Financial Statements and the related MD&A are available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## **VOTING SECURITIES, RECORD DATE AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The authorized capital of the Company consists of an unlimited number of Shares without par value. As at the Record Date, 167,256,377 Shares are issued and outstanding. Each Share carries the right to one vote, and all Shares may be voted at the Meeting. Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is one person present or represented by proxy.

The record date for the determination of Shareholders entitled to receive notice of and vote at the Meeting has been fixed as August 10, 2022. Except as may be otherwise indicated herein and in the Notice, the affirmative vote of a majority of the votes cast at the Meeting is required for approval of each matter set forth in this Circular.

To the knowledge of the directors and senior officers of the Company, there are no persons who beneficially own, or control or direct, directly or indirectly, Shares carrying 10% or more of the voting rights attached to all outstanding Shares of the Company.

## **SETTING NUMBER OF DIRECTORS**

At the Meeting, Shareholders will be asked to pass an ordinary resolution to set the number of directors of the Company for the ensuing year at four (4). The number of directors will be approved if the affirmative vote of at least a majority of Shares present or represented by proxy at the Meeting and entitled to vote thereat are voted in favour of setting the number of directors at four (4).

In the absence of instructions to the contrary, proxies given pursuant to the solicitation by the management of the Company will be voted FOR setting the number of directors at four (4) for the ensuing year.

## **ADVANCE NOTICE**

Shareholders approved the adoption of a new set of articles for the Company at the Annual General and Special Meeting held on December 8, 2020 pursuant to which provisions were added to the Company’s articles requiring advance notice to the Company in circumstances where a Shareholder wishes to nominate persons for election as directors (the “*Advance Notice Provisions*”). Among other things, the *Advance Notice Provisions* fixes a deadline by which Shareholders must submit director nominations to the Corporate Secretary of the Company prior to any annual or special meeting of Shareholders and sets forth the specific information that a Shareholder must include in such notice for an effective nomination to occur. Pursuant to the *Advance Notice Provisions*, only persons who are nominated in accordance with the *Advance Notice Provisions* shall be eligible for election as directors of the Company, subject only to the *Business Corporations Act* (British Columbia).

Pursuant to the *Advance Notice Provisions*, in the case of an Annual General Meeting (which may also be an annual and special meeting of Shareholders), notice to the Company must be made not less than 30 and not more than 65 days prior to the date of the of the annual meeting; provided, however, that in the event that the Annual General Meeting is to be held on a date that is less than 50 days after the notice on which the first public announcement of the date of the annual meeting was made by the Company, notice may be made not later than 5:00 p.m. (Vancouver time) on the 10<sup>th</sup> day following such public announcement. In the case of a special meeting (which is not also an

annual meeting) called for the purpose of electing directors (whether or not called for other purposes), not later than 5:00 p.m. (Vancouver time) on the 15<sup>th</sup> day following the first public announcement of the date of the special meeting was made by the Company.

For further information about the Advance Notice Provisions, please see the Company’s management information circulated dated September 20, 2018, a copy of which is filed under the Company’s profile on SEDAR at www.sedar.com.

### ELECTION OF DIRECTORS

The board of directors (“**Board**”) of the Company is elected annually and holds office until the next Annual General Meeting of Shareholders or until their successors are elected. The management of the Company proposes to nominate the persons listed below (the “**Proposed Nominees**”) for election as directors of the Company to serve until their successors are elected or appointed.

**In the absence of instructions to the contrary, proxies given pursuant to the solicitation by the management of the Company will be voted FOR the Proposed Nominees set forth in this Circular.**

MANAGEMENT DOES NOT CONTEMPLATE THAT ANY OF THE PROPOSED NOMINEES WILL BE UNABLE TO SERVE AS A DIRECTOR. IN THE EVENT THAT, PRIOR TO THE MEETING, ANY VACANCIES OCCUR IN THE SLATE OF NOMINEES HEREIN LISTED, IT IS INTENDED THAT DISCRETIONARY AUTHORITY SHALL BE EXERCISED BY MANAGEMENT TO VOTE THE PROXY FOR THE ELECTION OF ANY OTHER PERSON OR PERSONS AS DIRECTORS.

The following table sets out the names of the Proposed Nominees for election as a director, the province or state and country in which ordinarily resident, the period or periods during which each has served as a director, positions held in the Company, their present principal occupations and number of shares of the Company or shares of any of its subsidiaries beneficially owned by each, or controlled or directed, directly or indirectly as at the Record Date.

Name, Positions with the Company, Province/State and Country of Residence	Principal Occupation and, IF NOT at Present an ELECTED Director, Occupation During the Past Five Years	Period from which Nominee has been a Director	Number of Shares Beneficially Owned or Controlled or Directed, Directly or Indirectly <sup>(2)</sup>
Sheldon Bennett Director. CEO & COO British Columbia, Canada	CEO & Director of the Company. Prior to becoming a director of the Company in February 2018, was a management consultant for various companies.	Since February 8, 2018	2,115,000 (direct) 1,500,000 (indirect) <sup>(3)</sup>
John Place Director Ontario, Canada	Director of the Company. Director, Compliance & Ethics, Export Development Canada. Previously practiced law in the areas of corporate finance and securities.	Since November 29, 2021	10,000
Kelly Allin <sup>(1)</sup> Director Ontario, Canada	Director of the Company since July 15, 2022; Director of NFT Technologies Inc., a small cap crypto company since October 2021; Audit Partner with Deloitte from 2006 to 2020	Since July 15, 2022	Nil
John D. Abouchar Director Nominee California, USA	Founder of Glass Creek Partners, Inc. since 2014; Chairman of the Board of CynergisTek, Inc. from 2016 to 2020.	To be Nominated	Nil

**Notes:**

- (1) Member of the Audit Committee (the “**Audit Committee**”) of the Company.
- (2) Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at August 10, 2022, based upon information furnished to the Company by individual Directors.
- (3) These 1,500,000 Shares of the Company are owned by 1088692 B.C. Ltd., a private company wholly owned by Sheldon Bennett.

### **Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

The Company was subject to a management cease trade order (the “**MCTO**”) from January 31, 2022 to March 22, 2022, as a result of the delay in filing the Company’s 2021 Financial Statements, the related MD&A and the certification of annual filings. The Company subsequently filed the 2021 Financial Statements and related MD&A and certification of annual filings on March 22, 2022 and the MCTO was lifted on March 22, 2022. During

the period in which the MCTO was in effect, Sheldon Bennett was serving as director and Chief Executive Officer, Heather Sim as Chief Financial Officer and John Place serving as a director of the Company.

The Company was subject to a cease trade order (the “CTO”) from February 1, 2019 to August 29, 2019, as a result of the delay in filing the Company’s 2019 Financial Statements, the related MD&A and the certification of annual filings. The Company subsequently filed the 2019 Financial Statements and related MD&A and certification of annual filings on August 19, 2019 and the CTO was lifted on August 29, 2019. During the period in which the CTO was in effect, Sheldon Bennett was serving as director and Chief Operating Officer of the Company.

Except as provided above, no proposed director:

- is, as at the date of the Circular, or has been, within 10 years before the date of the Circular, a director, chief executive officer (“CEO”) or chief financial officer (“CFO”) of any company (including the Company) that:
- was the subject, while the proposed director was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar 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; or
- was subject to a cease trade or similar 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, CEO or CFO but which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO or CFO of such company; or
- is, as at the date of this Circular, or has been within 10 years before the date of the Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- 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 penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## STATEMENT OF EXECUTIVE COMPENSATION

### General

For the purpose of this Circular:

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

“**CEO**” means an individual who served as a chief executive officer of the Company, or performed functions similar to a chief executive officer, for any part of the most recently completed financial year;

“**CFO**” means an individual who served as a chief financial officer of the Company, or performed functions similar to a chief financial officer, for any part of the most recently completed financial year;

“**Common Share**” means a common share of the Company;

“**compensation securities**” includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries;



“NEO” or “Named Executive Officer” means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) the most highly compensated executive officer, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* (“**Form 51-102F6V**”), for that financial year; 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 company, nor acting in a similar capacity, at the end of that financial year;

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

“**Stock Option Plan**” means the 10% rolling stock option plan of the Company; and

“**underlying securities**” means any securities issuable on conversion, exchange or exercise of compensation securities.

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

The Named Executive Officers of the Company during the last completed fiscal year ended September 30, 2021 (“**Fiscal 2021**”) were Sheldon Bennett, Heather Sim, Adrian Glover, Daniel Reitzik and Ryan Cheung. There were no other executive officers of the Company who individually earned more than \$150,000 in total compensation.

The Board of directors of the Company during Fiscal 2021 were Sheldon Bennett, Adrian Glover, Steven Eliscu, Justin Rasekh and Nicholas Seto.

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company to each current and former NEO and director, in any capacity, in two most recently completed financial years ended September 30, 2021.

Excluding compensation securities, no compensation was paid, payable, awarded, granted, given or otherwise provided to any current or former director of the Company during the said fiscal years.

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Sheldon Bennett <sup>(1)</sup> CEO and Director	2021	224,435	250,000	Nil	Nil	Nil	474,435
	2020	195,526	Nil	Nil	Nil	Nil	195,526
Heather Sim <sup>(2)</sup> CFO	2021	Nil	Nil	Nil	Nil	Nil	Nil
Adrian Glover CTO and Director	2021	132,333	150,000	Nil	Nil	Nil	282,333
	2020	130,406	Nil	Nil	Nil	Nil	130,406
Steven Eliscu <sup>(3)</sup> COO and Director	2021	Nil	Nil	Nil	Nil	Nil	Nil
Justin Rasekh Former Director	2021	Nil	50,000	30,450	Nil	Nil	80,450
	2020	51,450	Nil	Nil	Nil	Nil	51,450
Nicholas Seto Director	2021	Nil	50,000	2,650	Nil	Nil	52,650
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Daniel Reitzik <sup>(4)</sup> Former CEO and Director	2021	209,263	250,000	Nil	Nil	Nil	459,263
	2020	205,850	Nil	Nil	Nil	Nil	205,850

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Ryan Cheung <sup>(5)</sup> Former CFO	2021	25,200	Nil	Nil	Nilx	Nil	25,200
	2020	16,795	Nil	Nil	Nil	Nil	16,795

(1) Effective February 1, 2019, Mr. Bennett agreed to reduce his annual salary to \$180,000. As of April 2021, following his appointment as Chief Executive Officer, Mr. Bennett's salary was returned to \$312,000.

(2) Ms. Heather Sim was appointed Chief Financial Officer on August 11, 2021.

(3) Mr. Steven Eliscu was appointed a director on March 31, 2021 and as COO on May 10, 2022.

(4) Mr. Daniel Reitzik resigned as a director and Chief Executive Officer on March 31, 2021.

(5) Mr. Ryan Cheung resigned as Chief Financial Officer on August 10, 2021.

### Stock Options and Other Compensation Securities

The following table sets out all compensation securities granted or issued to each director and each current and former NEO in any capacity, by the Company or any subsidiary thereof for the past two fiscal years - 2021 and 2020. Excluding compensation securities, no compensation was paid, payable, awarded, granted, given or otherwise provided to any current or former director of the Company during the said fiscal years.

Compensation Securities							
Name and position	Type of compensation security <sup>(1)</sup>	Number of compensation securities, number of underlying securities, and % of class <sup>(1)</sup>	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Sheldon Bennett <sup>(2)</sup> CEO and Director	Stock Options	250,000	Nov. 12/19	0.15	0.11	0.085	Nov. 12/22
	Stock Options	350,000	Dec. 31/20	0.65	0.60	0.92	Dec. 31/23
	Stock Options	520,000	Apr. 26/21	1.41	1.60	0.92	Apr. 26/24
	Stock Options	400,000	Jul. 28/21	0.84	0.84	0.92	Jul. 28/24
Heather Sim <sup>(3)</sup> CFO	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Adrian Glover <sup>(4)</sup> CTO and Director	Stock Options	150,000	Nov. 12/19	0.15	0.11	0.085	Nov. 12/22
	Stock Options	350,000	Dec. 31/20	0.65	0.60	0.92	Dec. 31/23
	Stock Options	442,000	Apr. 26/21	1.41	1.60	0.92	Apr. 26/24
	Stock Options	340,000	Jul. 28/21	0.84	0.84	0.92	Jul. 28/24
Steven Eliscu <sup>(5)</sup> COO and Director	Stock Options	200,000	Mar. 31/21	2.49	2.48	0.92	Mar. 31/24
	Stock Options	50,000	Jul. 28/21	0.84	0.84	0.92	Jul. 28/24
Justin Rasekh <sup>(6)</sup> Former Director	Stock Options	100,000	Nov. 12/19	0.15	0.11	0.085	Nov. 12/22
	Stock Options	200,000	Dec. 31/20	0.65	0.60	0.92	Dec. 31/23
	Stock Options	50,000	Jul. 28/21	0.84	0.84	0.92	Jul. 28/24
Nicholas Seto <sup>(7)</sup> Director	Stock Options	100,000	Nov. 12/19	0.15	0.11	0.085	Nov. 12/22
	Stock Options	200,000	Dec. 31/20	0.65	0.60	0.92	Dec. 31/23
	Stock Options	50,000	Jul. 28/21	0.84	0.84	0.92	Jul. 28/24
Daniel Reitzik <sup>(8)</sup> Former Director and CEO	Stock Options	250,000	Nov. 12/19	0.15	0.11	0.085	Nov. 12/22
	Stock Options	350,000	Dec. 31/20	0.65	0.60	0.92	Dec. 31/23
Ryan Cheung <sup>(9)</sup> Former CFO	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A

- (1) Each stock option entitles the holder to one Common Share upon exercise. For further information, see “Stock Option Plan” below.
- (2) Sheldon Bennett held a total of 1,520,000 stock options as at September 30, 2021.
- (3) Heather Sim held no stock options as at September 30, 2021.
- (4) Adrian Glover held a total of 1,132,000 stock options as at September 30, 2021.
- (5) Steven Eliscu held a total of 307,691 stock options as at September 30, 2021.
- (6) Justin Rasekh held a total of 350,000 stock options as at September 30, 2021.
- (7) Nicholas Seto held a total of 350,000 stock options as at September 30, 2021.
- (8) Daniel Reitzik held a total of 350,000 stock options as at September 30, 2021.
- (9) Ryan Cheung held no stock options as at September 30, 2021.

The following table sets forth each exercise by a director or NEO of compensation securities during the recently completed financial year ended September 30, 2021.

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price & closing price on date of exercise (\$)	Total value on exercise date (\$)
Sheldon Bennett CEO and Director	Stock Options	505,000	0.35	Jan. 4/21	0.54	0.19	95,950
Adrian Glover CTO and Director	Stock Options	100,000	0.35	Jan. 4/21	0.54	0.19	19,000
	Stock Options	100,000	0.40	Jan. 4/21	0.54	0.14	14,000
	Stock Options	150,000	0.15	Jan. 4/21	0.54	0.39	58,500
Steven Eliscu COO and Director	Stock Options	142,309	0.35	Feb. 23/21	3.36	3.01	428,350
Justin Rasekh Former Director	Stock Options	42,100	0.10	Apr. 1/21	2.35	2.25	94,725
	Stock Options	50,100	0.10	Apr. 13/21	2.00	1.90	95,190
	Stock Options	20,000	0.10	Apr. 19/21	1.47	1.37	27,400
	Stock Options	100,000	0.10	Jun. 17/21	0.84	0.74	74,000
	Stock Options	83,800	0.10	Aug. 25/21	1.23	1.13	94,694
	Stock Options	25,000	0.15	Oct. 13/21	1.14	0.99	24,750
Daniel Reitzik Former Director and CEO	Stock Options	505,000	0.35	Jan. 4/21	0.54	0.19	95,950
	Stock Options	250,000	0.15	Apr. 15/21	1.77	1.62	405,000
Ryan Cheung Former CFO	Stock Options	50,000	0.80	Mar. 10/21	2.59	1.79	89,500
	Stock Options	50,000	0.35	Mar. 23/21	2.28	1.93	96,500

## Stock Option Plan

The Company has adopted the Stock Option Plan, pursuant to which the Board of the Company may, from time to time, in its discretion, and in accordance with Exchange requirements, grant to directors, officers and consultants to the non-transferable Stock Options, the number of Common Shares reserved for issuance under the Stock Option Plan will not exceed 10% of the issued and outstanding Common Shares. Such Stock Options may be exercisable for a period of up to 10 years from the date of grant. The exercise price of Stock Options is determined by the Board of the Company in accordance with Exchange policies and subject to the terms of the Stock Option Plan.

The number of Common Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all consultants will not exceed two percent (2%) of the issued and outstanding Common Shares. Stock Options may be exercised for 90 days following cessation of the optionee’s position with the Company. However, the cessation of office, directorship or consulting arrangement was by reason of death, the Stock Options may be exercised within a maximum period of one year after such death, subject to the expiry date of such Stock Options.

The Stock Option Plan was approved by the Company’s shareholders on March 22, 2021.

As at September 30, 2021, the Company has an aggregate of 8,278,652 stock options outstanding.

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

Other than as described below, the Company is not party to any formal, written employment, consulting or management agreements with any NEO or director.

#### *Sheldon Bennett, Chief Executive Officer and Director*

On February 15, 2018, the Company entered into an employment agreement with Sheldon Bennett (the “**Bennett Employment Agreement**” whereby the Company agreed to retain Mr. Bennett as Chief Operating Officer (“**COO**”). The agreement provided for an annual salary of \$312,000, a \$100,000 signing bonus and a retention bonus of \$100,000 annually for an additional two years. Mr. Bennett is also eligible for subsequent bonuses, based upon performance. Effective February 1, 2019, Mr. Bennett agreed to reduce his salary to \$180,000 annually.

On March 31, 2021, Mr. Bennett was appointed as the Company’s Chief Executive Officer. Effective April 1, 2021, Mr. Bennett entered into a revised employment agreement and his salary was returned to \$312,000.

Mr. Bennett may terminate the agreement with three (3) months’ advance written notice. The Company may terminate the agreement at any time without just cause by paying Mr. Bennett a lump sum fee equivalent to six months’ salary, and by allowing stock options granted to Mr. Bennett to continue to vest for a period of 12 months (the “**Settlement Amount**”).

In the event that Mr. Bennett is terminated or terminates the agreement within one year of a change of control of the Company, he will be entitled to receive twelve months’ salary plus one times the average bonus paid. For the purposes of the Bennett Employment Agreement, change of control is deemed to have occurred when: (a) a person becomes a “control person” (as defined in the *Securities Act* (British Columbia), (b) a majority of the directors elected at any annual or special meeting of shareholders of the Company are not individuals nominated by the Company’s then-incumbent board of directors, (c) the Company sells, transfers, leases or otherwise disposes of all or substantially all of its assets, (d) any person or group of persons acquires the ability, directly or indirectly through one or more intermediaries, to direct or cause the direction of the management and policies of the Company.

#### *Adrian Glover, Chief Technology Officer and Director*

Mr. Glover was appointed the Company’s Chief Technology Officer and April 7, 2020 and a director on May 13, 2020, and is compensated on the basis of \$132,000 annually.

#### *Steven Eliscu, Chief Operating Officer and Director*

Mr. Eliscu was appointed director on March 31, 2021 and as the Company’s Chief Operating Officer and May 10, 2022, and is compensated on the basis of US\$200,004 annually.

#### *Justin Rasekh, Director*

Mr. Rasekh receives \$3,000 per month for the provision of consulting services.

#### *Nicholas Seto, Director*

Mr. Seto receives \$200 per hour for the provision of consulting services.

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

#### **Compensation of Directors**

Compensation of directors is recommended by management to the board of directors. As of September 30, 2021, Justin Rasekh and Nicholas Seto were the only non-executive directors who received fees. Long-term incentives (stock options) are granted from time to time, based on an existing complement of long-term incentives, corporate performance and to be competitive with other companies of similar size and scope.

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

The Company’s compensation philosophy for Named Executive Officers follows three underlying principles:

- to provide compensation packages that encourage and motivate performance;

- to be competitive with other companies of similar size and scope of operations so as to attract and retain talented executives; and
- to align the interests of its executive officers with the long-term interests of the Company and its shareholders through stock related programs.

When determining compensation policies and individual compensation levels for the Company's executive officers, the Company takes into consideration a variety of factors including management's understanding of the amount of compensation generally paid by similarly situated companies to their executives with similar roles and responsibilities; each executive officer's individual performance during the fiscal year; each executive officer's experience, skills and level of responsibility; the executive's historical compensation and performance within the Company; and existing market standards within the mining industry. Management presents its recommendations to the Board of directors.

### ***Elements of NEO Compensation***

#### ***Compensation Mix***

In keeping with the Company's philosophy to link executive compensation to corporate performance and to motivate executives to achieve exceptional levels of performance, the Company has adopted a model that includes both base salary and "at-risk" compensation comprised of participation in the Company's Option Plan, as described below.

#### ***Base Salary***

Mr. Bennett receives a base salary of \$180,000, effective February 1, 2019 and \$312,000 effective April 1, 2021.

Mr. Glover receives a base salary of \$132,000, effective May 1, 2019.

Mr. Eliscu receives a base salary of US\$200,004, effective May 10, 2022.

Directors are also eligible to receive a rate for consulting services when requested by the Company to provide services not normally considered to be within the scope of directors' duties. The Board considers that this is appropriate for the Company's current stage of development. Base salaries are reviewed annually to ensure they reflect each respective executive's performance and experience in fulfilling his or her role and to ensure executive retention.

#### ***Long-term Incentive Plan (Stock Options)***

Long-term incentives are performance-based grants of stock options. The awards are intended to align executive interests with those of Shareholders by tying compensation to share performance and to assist in retention through vesting provisions. Grants of stock options are based on:

- the executive's performance;
- the executive's level of responsibility within the Company;
- the number and exercise price of options previously issued to the executive; and
- the overall aggregate total compensation package provided to the executive.

The value of any long-term options allocated is determined using the Black-Scholes model.

Management makes recommendations to the Board concerning the Company's Option Plan, based on the above criteria. Option grants are considered (although not necessarily granted) quarterly at the same time as option grants are considered to employees of the Company. Options may also be granted to executives upon hire or promotion and as special recognition for extraordinary performance.

The Company's Board of directors considers previous grants of options and the overall number of options that are outstanding relative to the number of outstanding shares in determining whether to make any new grants of options and the size and terms of any such grants, as well as the level of effort, time, responsibility, ability, experience, and level of commitment of the director, officer, employee, or consultant in determining the level of incentive stock option compensation.

## ***Benefits and Perquisites***

The Company's NEOs do not receive any benefits or perquisites.

## **Material Terms of Specific NEO Agreements**

### *Sheldon Bennett, Chief Executive Officer and Chief Operating Officer*

Mr. Bennett was appointed COO under the Bennett Employment Agreement, and effective February 1, 2018, received annual compensation of \$312,000, and an annual retention bonus of \$100,000. Effective February 1, 2019, Mr. Bennett agreed to reduce his salary to \$180,000 annually.

Mr. Bennett was appointed CEO on March 31, 2021.

## **Termination and Change of Control Benefits**

The Bennett Employment Agreement provides for the following payments if there is termination without cause:

- the CEO's full compensation to the termination date, including expenses and any other amounts owing to the Executive;
- a cash payment equal to one year's compensation;
- one times the average annual bonus earned by the CEO;
- options, whether vested or unvested, will remain exercisable until the earlier of their expiration date or 12 months from the termination date.

If the CEO resigns or is terminated within 12 months after a change of control, he will receive, in addition to any other payments he is entitled to, a lump sum cash payment equal to one times his base compensation and one times the average annual bonuses paid for the prior three years. Further, all of the CEO's unvested stock options will be deemed to have vested and all unexercised stock options will remain exercisable until the earlier of 12 months following the date of such termination and the expiry date of such options.

The CEO's compensation includes base compensation, bonuses and long-term equity incentives. The Board approves the COO's compensation. The CEO currently receives base salary compensation and bonuses. The Board considers that this is appropriate for the Company's current stage of development. In setting the salary and long-term incentives for the CEO, the Board evaluates the performance of the CEO in light of his impact on the achievement of the Company's goals and objectives.

## **Pension Plan Benefits**

The Company does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN**

The following table sets out, as of the end of the most recently completed financial year, all required information with respect to the Company's Option Plan, being the Company's only equity compensation plan in effect:

### **Equity Compensation Plan Information** (as at September 30, 2021)

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by securityholders	8,278,652	\$0.93	8,410,048
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
<b>Total</b>	8,278,652		8,410,048

## STATEMENT OF CORPORATE GOVERNANCE

National Instrument 58-101 *-Disclosure of Corporate Governance Practices*, (“**NI 58-101**”) of the Canadian Securities Administrators requires each reporting issuer to disclose its corporate governance practices on an annual basis.

Set out below is a description of the Company’s approach to corporate governance.

### **Board of Directors**

NI 58-101 defines “independence” with reference to the definition of independence contained in National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”). A director is independent if he has no direct or indirect material relationship to the Company. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director’s independent judgment. Certain types of relationships are by their nature considered to be material relationships and are specified in Section 1.4 of NI 52-110.

As of August 10, 2022, the Board consisted of six (6) directors: Kelly Allin, Sheldon Bennett, Steven Eliscu, Adrian Glover, John Place and Nicholas Seto. Of the current Board, Kelly Allin, John Place and Nicholas Seto are considered independent directors of the Company. The following members of the Board are not considered independent: Sheldon Bennett, Steven Eliscu and Adrian Glover as each of them is a senior officer of the Company.

### **Other Directorships**

No directors of the Company hold directorships in other reporting issuers as at August 10, 2022 other than Kelly Allin, who serves as a director for NFT Technologies Inc.

### **Orientation and Continuing Education**

The Company does not provide a formal orientation and education program for new directors; however, new directors are given the opportunity to familiarize themselves with the Company, and the current directors and members of management. Directors are also encouraged and given the opportunity for continuing education.

### **Ethical Business Conduct**

The Board has adopted a formal written code of conduct (the “**Code of Conduct**”). The Code of Conduct allows the Board to monitor, on an ongoing basis, the activities of management and to ensure that the highest standard of ethical conduct is maintained.

### **Nomination of Directors**

The Board selects new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the President and/or CEO. The Board monitors, but does not formally assess, the performance of individual Board members or committee members or their contributions.

### **Other Board Committees**

The Company has an Audit Committee (please refer to the “Audit Committee” section) and is in the process of establishing a Compensation Committee.

### **Assessments**

The Board relies on experts such as financial advisors and external legal counsel and forms special committees on an ad hoc basis as necessary. Based on the Company’s size, its stage of development and the limited number of individuals on the Board, the Board considers an external formal assessment process to be inappropriate at this time. The entire Board is responsible for selecting new directors and assessing current directors. A proposed director’s credentials are reviewed in advance of a Board meeting by one or more members of the Board prior to the proposed director’s nomination and in camera sessions are available at every Board meeting.

## AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITORS

The Audit Committee is a standing committee of the Board, the primary function of which is to assist the Board in fulfilling its financial oversight responsibilities, which will include monitoring the quality and integrity of the

Company’s financial statements and the independence and performance of the Company’s external auditor, acting as a liaison between the Board and the Company’s external auditor, reviewing the financial information that will be publicly disclosed and reviewing all audit processes and the systems of internal controls management and the Board have established. NI 52-110 requires the Company, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor.

### **The Audit Committee’s Charter**

The Board has adopted an Audit Committee Charter, which sets out the Audit Committee’s mandate, organization, powers and responsibilities. The full text of the Audit Committee Charter is attached as Schedule “A” to this Circular.

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

The following are members of the Audit Committee as at August 10, 2022:

	<b>Independent<sup>(1)</sup></b>	<b>Financially Literate<sup>(2)</sup></b>	<b>Relevant Education and Experience</b>
Kelly Allin Audit Committee Chair	Yes	Yes	CPA/CA Ontario and Alberta, fourteen years audit partner at a Big Four accounting firm, Audit Committee Certificate CPA Canada, BComm from University of Calgary
Steven Eliscu	No <sup>(3)</sup>	Yes	Head of Finance at DSP Concepts Inc. from June 2019 to April 2022; EVP Corporate Development from September 2017 to March 2019.
Nicholas Seto	Yes	Yes	BCom from University of British Columbia; Representative Licensed to Provide Trading Services, RECBC

#### **Notes:**

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

### **Relevant Education and Experience**

Each audit committee member has gained financial literacy through their years of experience serving as directors and officers of several companies (including this Company) as financial industry executives and serving on other audit committees and boards. In these positions, each member would be responsible for receiving financial information relating to their company and obtaining an understanding of the balance sheet, income statement and statement of cash flows and how these statements are integral in assessing the financial position of the Company and its operating results. Each member has significant understanding of the Blockchain and cryptocurrency business which the Company engages in and has an appreciation for the relevant accounting principles for that business.

### **Audit Committee Oversight**

At no time since the commencement of the Company’s most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

### **Reliance on Certain Exemptions**

The Company is a “venture issuer” as defined in NI 52-110 and relies on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (Composition of Audit Committee) and 5 (Reporting Obligations) thereof.

### **Pre-Approval Policies and Procedures**

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described under the heading “External Auditors Service Fees (By Category)”.



### External Auditor Service Fees (By Category)

The table below sets out all fees billed by the Company's external auditor in each of the last two fiscal years. In the table "Audit Fees" are fees billed by the Company's external auditor for services provided in auditing the Company's financial statements for the fiscal year. "Audit-Related Fees" are fees not included in Audit Fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. "Tax Fees" are fees billed by the Company's external auditors for professional services rendered for tax compliance, tax advice and tax planning. "All Other Fees" are fees billed by the external auditor for products and services not included in the foregoing categories:

Financial Year Ended	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
September 30, 2021	\$295,000	\$117,250	\$54,680	\$526,930
September 30, 2020	\$110,000	Nil	Nil	Nil

### INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

Other than as disclosed herein, as at September 30, 2021, there was no indebtedness outstanding with any current or former Director, executive officer or employee of the Company or its subsidiaries which is owing to the Company or its subsidiaries, or which is owing to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries, entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time during the most recently completed financial year was, a Director or executive officer of the Company, no proposed nominee for election as a Director of the Company and no associate of such persons:

- (a) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or its subsidiaries; or
- (b) is indebted to another entity, which indebtedness is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries, in relation to a securities purchase program or other program.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as stated herein, no informed person, Director, executive officer, nominee for Director, any person who beneficially owns, directly or indirectly, Shares carrying more than 10% of the voting rights attached to all outstanding Shares of the Company, nor any associate or affiliate of such persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transactions or any proposed transactions which has materially affected or would materially affect the Company.

### APPOINTMENT AND REMUNERATION OF AUDITOR

Management of the Company proposes to nominate Kingston Ross Pasnak LLP, the current auditors of the Company, as auditors of the Company to hold office until the next Annual General Meeting of Shareholders, or until a successor is appointed, at a remuneration to be fixed by the directors. Kingston Ross Pasnak LLP have been auditors of the Company since August 9, 2022.

**UNLESS SUCH AUTHORITY IS WITHHELD, THE PERSONS NAMED IN THE ENCLOSED PROXY INTEND TO VOTE FOR THE APPOINTMENT OF KINGSTON ROSS PASNAK LLP AS THE AUDITOR OF THE COMPANY TO HOLD OFFICE UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OR UNTIL THEIR SUCCESSOR IS APPOINTED AND AUTHORIZE THE DIRECTORS OF THE COMPANY TO FIX KINGSTON ROSS PASNAK LLP'S REMUNERATION.**

**MANAGEMENT CONTRACTS**

There are no management functions of the Company or its subsidiaries which are to any substantial degree performed by a person or company other than the Directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Company.

## PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

### *Stock Option Plan*

At the Meeting, Shareholders will be asked to consider, and, if deemed advisable, to continue its 10% rolling stock option plan (the “Plan”). A summary of the terms of the Option Plan is set out below, and is qualified in its entirety by the full text of the Option Plan.

The Option Plan was approved and adopted by Shareholders at the Company’s last annual and special meeting of Shareholders held on December 8, 2020, and a copy of the plan is available upon request. As of the date hereof, there are currently 7,551,000 stock options (“Options”) outstanding under the Plan representing approximately 6.7% of the total number of Shares issued and outstanding.

The Plan is consistent with the requirements of the TSX Venture Exchange (the “Exchange”) and provides as follows:

- the maximum aggregate number of Shares that can be issued pursuant to the exercise of Options granted under the Plan or otherwise, is 10% of the Company’s current issued and outstanding share capital (on a non-diluted basis);
- Options granted under the Plan will have an expiry date not to exceed ten years from the date of grant;
- any Options granted that expire or terminate for any reason without having been exercised will again be available under the Plan;
- Options will vest as required by the Exchange and as may be determined by the administrator of the Plan, or in the absence of such body, the Board;
- the minimum exercise price of any Options issued under the Plan will be determined by the Board at the time of grant, subject to the requirements of the Exchange;
- Options granted will expire 60 days after an optionee ceases to be involved with the Company, or for any Options granted to an individual providing investor relations services, 30 days after the optionee ceases to be involved with the Company;
- the Company cannot grant Options to any one consultant in any 12-month period which could, when exercised, result in the issuance of Shares exceeding 2% of the issued and outstanding Shares of the Company;
- the Company cannot grant Options in any 12-month period to persons employed or engaged by the Company to perform investor relations activities which could, when exercised, result in the issuance of Shares exceeding, in aggregate, 2% of the issued and outstanding Shares of the Company and Options issued to consultants performing investor relations activities must vest in stages over 12 months with no more than 1/4 of the Options vested in any three-month period;
- in connection with the exercise of an Option, as a condition to such exercise the Company may require the optionee to pay to the Company an amount as necessary so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local laws relating to the withholding of tax or other required deductions relating to the exercise of such Option; and
- if a change of control, as described in the Plan, occurs, all unvested Options shall immediately become vested and may thereon be exercised in whole or in part by the holder of the Option, subject to any required approval by the Exchange.

Shareholders will be asked at the Meeting to consider, and if thought fit, to approve the following ordinary resolution re-approving and ratifying the Plan:

“NOW THEREFORE BE IT RESOLVED THAT:

1. the Company’s existing 10% rolling stock option plan, attached as Schedule “B” to the Company’s management information circular dated February 12, 2021 (the “Plan”), including the reservation for issuance under the Plan at any time of a maximum of 10% of the total number of issued and

- outstanding common shares of the Company on a non-diluted basis, be and is hereby ratified, confirmed and approved;
2. the board of directors of the Company be authorized to administer the Plan and amend or modify the Plan in accordance with its terms and conditions and with the policies of the TSX Venture Exchange; and
  3. any director or officer of the Company be and is hereby authorized to do such things and to sign, execute and deliver all documents that such director and officer may, in their discretion, determined to be necessary in order to give full effect to the intent and purpose of this resolution.”

#### *Recommendation of the Directors*

The Board of Directors of the Company recommends that Shareholders vote in favour of the resolution to continue the current Plan of the Company. To be effective, the resolution must be approved by a simple majority of the votes cast by Shareholders who vote in person or by proxy at the Meeting. **Unless a proxy contains instructions to vote against the re-approval of the Plan, the persons named in the enclosed proxy intend to vote FOR the re-approval and ratification of the Plan.**

#### *Restricted Share Unit Plan*

Under the policies of the Exchange, the Company’s Restricted Share Unit Plan (the “**RSU Plan**”) must be approved by the Shareholders and then re-approved on a yearly basis. In order to be approved, the resolution must be passed by a majority of the votes cast by the holders of Shares present in person or represented by proxy at the Meeting. Unless instructions are given to decline to vote or to vote against concerning the following resolution, the persons whose names appear in the instrument of proxy intend to vote at the meeting in favor of the following resolution. The details of the Restricted Share Unit Plan are set forth below.

“**BE IT RESOLVED THAT** the Company’s Restricted Share Unit Plan be and is hereby ratified, confirmed and approved, together with any amendments or additional provisions as the directors of the Company may deem necessary or advisable, provided that such amendments are not inconsistent with the policies of the TSX Venture Exchange.”

The Board recommends that Shareholders vote FOR the approval of the RSU Plan.

#### *Summary of the RSU Plan*

Set out below is a summary of the RSU Plan. This summary is qualified in its entirety by the full text of the RSU Plan, a copy of which will be made available to Shareholders at the Meeting.

#### *Eligibility*

RSUs may be granted to any employee, director or consultant of the Company or its subsidiaries (collectively, “**Eligible Persons**”), other than persons conducting investor relations activities, from time to time by the Board, subject to the limitations set forth in the RSU Plan, but may not be granted when that grant would be prohibited by or in breach of applicable laws or any black out period then in effect.

#### *Authority of the Board*

The RSU Plan is administered by the Board or a committee thereof. Subject to the limitations of the RSU Plan, without limiting the generality of the foregoing, the Board has the power to: (i) determine which Eligible Persons (defined above) are to be granted RSUs and the number of RSUs to be issued to those Eligible Persons; (ii) determine the terms under which RSUs are granted; (iii) prescribe the form of agreement governing a particular grant of RSUs (the “**RSU Agreement**”); (iv) interpret the RSU Plan and determine all questions arising out of the RSU Plan and any RSUs granted pursuant to the RSU Plan; and (v) prescribe, amend and rescind rules and procedures relating to the RSU Plan.

#### *Shares Reserved*

The maximum number of Shares which may be reserved for issuance under the RSU Plan at any time is 10,000,000 Shares, subject to adjustment by the Board in the event of a change in the capital of the Company, and in combination with all share compensation arrangements of the Company, including the RSU Plan and the Stock Option Plan, will not exceed 10% of the issued and outstanding Common Shares.

### ***Limits on Participation***

The RSU Plan provides for the following limits on grants, unless approval by Disinterested Shareholders in accordance with the rules of the Exchange is obtained:

- the maximum number of Shares reserved for issuance to insiders under the RSU Plan, together with any other share compensation arrangement, may not exceed 10% of the issued and outstanding Shares;
- the maximum number of RSUs that may be granted to insiders under the RSU Plan, together with any other share compensation arrangement of the Company, within a twelve-month period, may not exceed 10% of the issued and outstanding Shares calculated on the grant date; and
- the maximum number of RSUs that may be granted to any one Eligible Person under the RSU Plan, together with any other share compensation arrangement of the Company, within a twelve-month period, may not exceed 5% of the issued and outstanding Shares calculated on the grant date.

For so long as the Company is subject to the requirements of the Exchange (unless permitted otherwise by the rules of the Exchange): (i) the maximum number of RSUs that may be granted to a consultant, together with any other share compensation arrangement of the Company, within a twelve-month period, may not exceed 2% of the issued and outstanding Common Shares calculated on the grant date.

### ***Grants and Vesting of RSUs***

The Board may in its own discretion, at any time, and from time to time, grant RSUs to Eligible Persons as it determines appropriate, subject to the limitations set out in the RSU Plan. The Board may designate one or more performance periods under the RSU Plan. In respect of each designated performance period and subject to the terms of the RSU Plan, the Board may from time to time establish the grant date and grant to any Eligible Person one or more RSUs as the Board deems appropriate.

At the time a grant of a RSU is made, the Board may, in its sole discretion, establish such performance conditions for the vesting of RSUs as may be specified in the RSU Agreement (the “**Performance Conditions**”). The Board may use such business criteria and other measures of performance as it may deem appropriate in establishing any Performance Conditions. The Board may determine that a RSU shall vest in whole or in part upon achievement of any one Performance Condition or that two or more Performance Conditions must be achieved prior to the vesting of a RSU. Performance Conditions may differ for Restricted Share Units granted to any one Eligible Person to whom RSUs have been granted (a “**Participant**”) or to different Participants. Notwithstanding any other provision of the RSU Plan, the Board may in its sole and absolute discretion accelerate and/or waive any vesting or other conditions, including Performance Conditions, for all or any RSUs for any Participant at any time and from time to time. In no circumstances will RSUs credited to a Participant in respect of a Performance Period vest after three years following the end of the year of the grant date. Any RSUs in respect of a Performance Period that are not vested within three years following the end of the year of the grant date shall be cancelled and no vesting, payment or issuance shall be made under the RSU Plan in respect of such RSUs.

### ***Third Party Offer***

If an offer to purchase all of the outstanding Shares is made by a third party, the Board may, to the extent permitted by applicable law and upon giving each Participant written notice, effect the acceleration of the vesting of the RSUs granted under the RSU Plan.

### ***Change of Control***

Upon a Change of Control (as defined in the RSU Plan), all RSUs that are outstanding but unvested will automatically and irrevocably become vested in full.

### ***Delivery of Shares or Cash***

RSUs shall vest pursuant to the vesting schedule set out in a Participant’s RSU Agreement and, subject to any black out periods then in effect, the Company shall redeem such RSUs only at the end of the Performance Period pertaining to the RSUs and issue from treasury one Share for each full RSU that has vested without any further action on the part of the Participant. The Shares issued upon redemption of RSUs shall be registered according to the information in the Company’s records for a Participant. No partial RSUs may be issued. Notwithstanding the foregoing, at the sole election of the Company, the Company may redeem all or part of the vested RSUs by making

a lump sum payment at the end of the performance period pertaining to the RSUs in respect of all RSUs to be redeemed at such time, equal to the amount determined by multiplying the number of RSUs credited to the Participant that are vested on such vesting date by the closing price of the Shares for the most recent trading day preceding the vesting date.

### ***Tax and Tax Withholding***

The Company shall require such Participant to pay or cause to be paid to the Company an amount as necessary so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local law relating to the withholding of tax or other required deductions in connection with the exercise of such RSUs (the “**Source Deductions**”); or in the event a Participant does not pay or cause to be paid the amount specified, then the Company shall be permitted to: (a) engage a broker or other agent on behalf of the Participant or Permitted Assign (as defined in the RSU Plan), at the risk and expense of the Participant, to sell a portion of the underlying Shares issued on the exercise of such RSU through the facilities of the Exchange, and to apply the proceeds received on the sale of such underlying Shares as necessary so as to ensure that the Company is in compliance with the applicable Source Deductions relating to the exercise of such RSUs, or (b) reduce the number of Shares to be issued to a Participant in respect of redeemed RSUs in an amount that is equal in value to the cash amount of the Source Deductions and pay the Source Deductions in cash as necessary. In addition, the Company shall be entitled to withhold from any amount payable to a Participant, such amount as may be necessary so as to ensure that the Company is in compliance with the applicable Source Deductions relating to the exercise of any RSU.

### ***Termination of Employment***

Unless otherwise determined by the Board in its sole discretion, or as specified in the applicable RSU agreement:

- upon the voluntary resignation or the termination for cause of a Participant, all of the Participant’s RSUs which have been credited to the Participant but remain unvested will be forfeited without any entitlement to such Participant; and
- upon the termination without cause, the disability or the death of a Participant, the Participant or the Participant’s beneficiary, as the case may be, shall for each grant of RSUs, have a number of RSUs become vested equal to a prescribed formula as set out in the RSU Plan.

### ***No Compensation for Cancelled RSUs Awards***

A Participant ceases to be an Eligible Person on the Participant’s last day of actual and active employment with the Company or one of its subsidiaries. For the purposes of the RSU Plan, no period of notice of termination of employment that is or ought to have been given to a Participant, after the date on which the Participant ceases to be an Eligible Person shall be included in determining the Participant’s entitlement under the RSU Plan.

### ***Non-Transferability of RSUs***

RSUs are non-assignable and non-transferable except by will or by the laws of descent and distribution. All benefits and rights granted under the RSU Plan may only be exercised by the Participant.

### ***Amendments to the RSU Plan***

#### ***Amendments Without Shareholder Approval***

Subject to applicable laws and regulatory approvals, the RSU Plan may be amended without Shareholder approval for the following:

- minor changes of a “house-keeping nature”;
- amending RSUs under the RSU Plan, including, with respect to advancing the date on which any RSU may vest, assignability and the effect of termination of a Participant, provided that such amendment does not adversely alter or impair any RSU previously granted to a Participant without the consent of such Participant;
- amendments necessary to comply with the provisions of applicable law or the applicable rules of the stock exchange on which the Shares are then listed, including with respect to the treatment of RSUs granted under the RSU Plan;

- amendments respecting the administration of the RSU Plan;
- amendments necessary to suspend or terminate the RSU Plan, provided that such amendment does not adversely alter or impair any RSU previously granted to a Participant without the consent of such Participant; and
- any other amendment not requiring shareholder approval under applicable law or the applicable rules of the stock exchange on which the Shares are then listed.

#### ***Amendments Requiring Shareholder Approval***

Shareholder approval is required for the following amendments to the RSU Plan (provided that such shareholder approval is a requirement of the stock exchange where the Common Shares are listed for trading):

- the eligibility of a Participant in the RSU Plan;
- removing or exceeding the limits on participation in the RSU Plan;
- increasing the maximum number of Shares issuable under the RSU Plan;
- the expiry and termination provisions applicable to the RSUs; and
- granting additional powers to the Board to amend the RSU Plan without Shareholder approval.

#### ***Termination***

The Board may terminate the RSU Plan at any time in its absolute discretion. If the RSU Plan is so terminated, no further RSUs will be granted, but the RSUs then outstanding will continue in full force and effect in accordance with the provisions of the RSU Plan.

#### ***Adjustments***

The RSU Plan contains provisions for the adjustment in the number of Shares subject to the RSU Plan and issuable on redemption of RSUs in the event of a share consolidation, subdivision, substitution or reclassification, the payment of stock dividends by the Company (other than dividends in the ordinary course) or other relevant changes in the capital of the Company or from a proposed merger, amalgamation or other corporate arrangement or reorganization involving the exchange or replacement of Shares for those of another company.

### **OTHER MATTERS**

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

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## **ADDITIONAL INFORMATION**

Additional information concerning the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.dmgblockchain.com](http://www.dmgblockchain.com).

Financial information relating to the Company is provided in the 2021 Financial Statements and the MD&A for the year ended September 30, 2021. Shareholders may download the 2021 Financial Statements and MD&A from SEDAR ([www.sedar.com](http://www.sedar.com)) or contact the Company directly to request copies of the 2021 Financial Statements and MD&A by: e-mail to [john@dmgblockchain.com](mailto:john@dmgblockchain.com). Additional financial information concerning the Company may be obtained by any shareholder free of charge through the Company's website at [www.dmgblockchain.com](http://www.dmgblockchain.com) or by contacting the Company at 604-210-5840.

## **APPROVAL OF THE DIRECTORS**

The directors of the Company have approved the content and the sending of this information circular.

DATED at Vancouver, British Columbia this 10<sup>th</sup> day of August 2022.

### **BY ORDER OF THE BOARD**

*"Sheldon Bennett"*

Chief Executive Officer & Director

**Schedule “A” to the Information Circular of  
DMG Blockchain Solutions Inc.**



**AUDIT COMMITTEE CHARTER**

This charter (the “Charter”) sets forth the purpose, composition, responsibilities, duties, powers and authority of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of DMG Blockchain Solutions Inc. (“DMG”).

**1.0 Purpose**

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- financial reporting and disclosure requirements;
- ensuring that an effective risk management and financial control framework has been implemented and tested by management of DMG; and
- external and internal audit processes.

**2.0 Composition and Membership**

- (a) The Board will appoint the members (“Members”) of the Committee after the annual general meeting of shareholders of DMG. The Members will be appointed to hold office until the next annual general meeting of shareholders of DMG or until their successors are appointed. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will cease to be a Member upon ceasing to be a director.
- (b) The Committee will consist of at least three directors with a majority meeting the criteria for independence and financial literacy established by applicable laws and the rules of the TSX Venture Exchange, including Multilateral Instrument 52-110 – Audit Committees. In addition, a majority of directors will be free of any relationship which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgment.
- (c) The Board will appoint one of the Members to act as the Chairman of the Committee. The corporate secretary of DMG (the “Corporate Secretary”) will be the recording secretary of all meetings and will maintain minutes of all meetings and deliberations of the Committee. In the absence of the Corporate Secretary at any meeting, the Committee will appoint another person who may, but need not, be a Member to be the recording secretary of that meeting.

**3.0 Meetings**

- (a) Meetings of the Committee will be held at such times and places as the Chairman may determine, but in any event not less than four (4) times per year. Twenty-four (24) hours advance notice of each meeting will be given to each Member orally, by telephone, by facsimile or email, unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings either in person or by conference call.



- (b) At the request of the external auditors of DMG, the Chief Executive Officer or the Chief Financial Officer of DMG or any member of the Committee, the Chairman may convene a meeting of the Committee. Any such request will set out in reasonable detail the business proposed to be conducted at the meeting so requested.
- (c) The Chairman, if present, will act as the Chairman of meetings of the Committee. If the Chairman is not present at a meeting of the Committee, then the Members present may select one their number to act as Chairman of the meeting.
- (d) Two Members will constitute a quorum for a meeting of the Committee. Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chairman will not have a deciding or casting vote in the case of an equality of votes. Powers of the Committee may also be exercised by written resolution signed by all Members.
- (e) The Committee may invite, from time to time, such persons as it sees fit to attend its meetings and to take part in the discussion and consideration of the affairs of the Committee. The Committee will meet *in camera* without management at each meeting of the Committee.
- (f) In advance of every regular meeting of the Committee, the Chairman, with the assistance of the Corporate Secretary, will prepare and distribute to the Members and others as deemed appropriate by the Chairman, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require officers and employees of DMG to produce such information and reports as the Committee may deem appropriate in order to fulfill its duties.

#### **4.0 Duties and Responsibilities**

The duties and responsibilities of the Committee as they relate to the following matters are to:

##### **4.1 *Financial Reporting and Disclosure***

- a) Review, and recommend to the Board for approval, the audited annual financial statements including the auditors' report thereon, the quarterly financial statements and the annual and quarterly management discussion and analyses.
- b) Review and recommend to the Board for approval, where appropriate, financial information contained in any prospectuses, annual information forms, annual report to shareholders, management proxy materials, material change disclosures of a financial nature and similar disclosure documents.
- c) Disclosure Controls: satisfying itself that procedures are in place for the review of the Corporation's public disclosure of financial information and assessing the adequacy of those procedures annually.
- d) Review with management of DMG and with external auditors significant accounting principles and disclosure issues and alternative treatments under International Financial Reporting Standards ("IFRS") all with a view to gaining reasonable assurance that financial statements are accurate, complete and present fairly DMG's financial position and the results of its operations in accordance with IFRS.
- e) Annually review DMG's corporate disclosure policy and recommend any proposed changes to the Board for consideration.

## **4.2 Internal Controls and Audit**

- a) Review and assess the adequacy and effectiveness of DMG's system of internal control and management information systems through discussions with management and the external auditor to ensure that DMG maintains: (i) the necessary books, records and accounts in sufficient detail to accurately and fairly reflect DMG's transactions; (ii) effective internal control systems; and (iii) adequate processes for assessing the risk of material misstatement of the financial statement and for detecting control weaknesses or fraud. From time to time the Committee will assess whether a formal internal audit department is necessary or desirable having regard to the size and stage of development of DMG at any particular time.
- b) Satisfy itself that the adequacy of internal controls, systems and procedures has been periodically assessed in order to ensure compliance with regulatory requirements and recommendations.
- c) Review and discuss DMG's major financial risk exposures and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities.
- d) Review and assess, and in the Committee's discretion, make recommendations to the Board regarding the adequacy of DMG's risk management policies and procedures with regard to identification of DMG's principal risks and implementation of appropriate systems to manage such risks including an assessment of the adequacy of insurance coverage maintained by DMG.
- e) Review and assess annually, and in the Committee's discretion, make recommendations to the Board regarding DMG's investment policy.

## **4.3 External Audit**

- a) Recommend to the Board a firm of external auditors to be engaged by DMG.
- b) Ensure the external auditors report directly to the Committee on a regular basis.
- c) Review the independence of the external auditors, including a written report from the external auditors respecting their independence and consideration of applicable auditor independence standards.
- d) Review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors.
- e) Review the audit plan of the external auditors prior to the commencement of the audit.
- f) Establish and maintain a direct line of communication with DMG's external and internal auditors.
- g) Meet *in camera* with only the auditors, with only management, and with only the members of the Committee at every Committee meeting whose purpose is to review the Annual Financial Statements of the Company.
- h) Review the performance of the external auditors who are accountable to the Committee and the Board as representatives of the shareholders, including the lead partner of the independent auditors team.
- i) Oversee the work of the external auditors appointed by the shareholders of DMG with respect to preparing and issuing an audit report or performing other audit, review or attest services for DMG, including the resolution of issues between management of DMG and the external auditors regarding financial disclosure.

- j) Review the results of the external audit and the report thereon including, without limitation, a discussion with the external auditors as to the quality of accounting principles used, any alternative treatments of financial information that have been discussed with management of DMG, the ramifications of their use as well as any other material changes. Review a report describing all material written communication between management and the auditors such as management letters and schedule of unadjusted differences.
- k) Discuss with the external auditors their perception of DMG's financial and accounting personnel, records and systems, the cooperation which the external auditors received during the course of their review and availability of records, data and other requested information and any recommendations with respect thereto.
- l) Review the reasons for any proposed change in the external auditors which is not initiated by the Committee or Board and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed auditors before making its recommendations to the Board.

#### **4.4 Associated Responsibilities**

Review and approve DMG's hiring policies regarding employees and partners, and former employees and partners of the present and former external auditor of DMG.

#### **4.5 Non-Audit Services**

Pre-approve all non-audit services to be provided to DMG or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities. The Committee may delegate to one or more of its members the authority to pre-approve non-audit services but pre-approval by such member or members so delegated shall be presented to the full audit committee at its first scheduled meeting following such pre-approval.

#### **4.6 Whistle-Blowing Procedures**

Overseeing the implementation, operation and effectiveness of DMG's mechanisms for: the receipt, retention, and treatment of complaints received by DMG regarding accounting, internal controls, and auditing matters; and the confidential, anonymous submission of complaints by employees of DMG of concerns regarding questionable accounting or auditing matters.

#### **4.7 Conflict of Interest**

If a Member faces a potential or actual conflict of interest relating to a matter before the Committee, other than matters relating to the compensation of directors, that member shall be responsible for alerting the Committee Chairman. If the Committee Chairman faces a potential or actual conflict of interest, the Committee Chairman shall advise the Chairman of the Board. If the Committee Chairman, or the Chairman of the Board, as the case may be, concurs that a potential or actual conflict of interest exists, the Member faced with such conflict shall disclose to the Committee the Member's interest and shall not participate in consideration of the matter and shall not vote on the matter.

#### **4.8 Oversight Function**

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that DMG's financial statements are complete and accurate or are in accordance with IFRS and applicable rules and regulations. These are the responsibilities of Management and the external auditors. The Committee, the Chairman and any Members identified as having accounting or related financial expertise are members of the Board,

appointed to the Committee to provide broad oversight of the financial, risk and control related activities of DMG, and are specifically not accountable or responsible for the day-to-day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of DMG's financial information or public disclosure.

## **5.0 Reporting**

The Chairman will report to the Board at each Board meeting on the Committee's activities since the last Board meeting. The Committee will annually review and approve the Committee's report for inclusion in the management proxy circular. The Corporate Secretary will circulate the minutes of each meeting of the Committee to the members of the Board.

## **6.0 Access to Information and Authority**

The Committee will be granted unrestricted access to all relevant information regarding DMG and all directors, officers and employees will be directed to cooperate as requested by members of the Committee. The Committee has the authority to retain, at DMG's expense and at a reasonable cost, independent legal, financial and other advisors, consultants and experts, where necessary, to assist the Committee in fulfilling its duties and responsibilities. The Committee also has the authority to communicate directly with internal and external auditors.

## **7.0 Review of Charter**

The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.

Approval Date: August 2, 2022

Approved by: Audit Committee & Board of Directors