

**LIONS BAY CAPITAL INC.**

NOTICE OF ANNUAL GENERAL MEETING

**TO: All holders of common shares of Lions Bay Capital Inc.**

We will hold an annual general meeting of our shareholders on **Thursday September 12, 2024**, at **2110, 650 West Georgia Street, Vancouver, British Columbia**. The meeting will start at **11:00 a.m.** (Pacific time).

At the meeting we will:

1. receive the audited annual financial statements of Lions Bay Capital Inc. for the financial year ended May 31, 2023 and the report of our auditor on those statements;
2. set the number of directors at 4;
3. elect directors;
4. appoint the auditor for Lions Bay Capital Inc.;
5. consider and, if deemed appropriate, give annual approval to the 10% rolling stock option incentive plan that was adopted and implemented by our Board of Directors concurrent with completion by Lions Bay Capital Inc. of its Qualifying Transaction, which annual approval is required by the policies of the TSX Venture Exchange; and
6. consider any other proper business.

The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice. Copies of any documents to be considered, approved, ratified and adopted or authorized at the Meeting will be available for inspection at the registered and records office of the Company at 2110 – 650 West Georgia Street, Vancouver, BC, during normal business hours up to September 12, 2024 being the date of the Meeting, and at the Meeting.

The directors of the Company have fixed the close of business on August 8, 2024 as the record date for determining holders of common shares who are entitled to vote at the Meeting.

A shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. If you are unable to attend the Meeting in person, please complete, sign and date the enclosed Form of Proxy and return the same in the enclosed return envelope provided for that purpose within the time and to the location in accordance with the instructions set out in the Form of Proxy and Information Circular accompanying this Notice.

DATED at Vancouver, British Columbia, this 8<sup>th</sup> day of August, 2024

BY ORDER OF THE BOARD

*“John Byrne”*

John J Byrne  
Director

## LIONS BAY CAPITAL INC.

### MANAGEMENT INFORMATION CIRCULAR

The information contained in this Information Circular, unless otherwise indicated, is as of August 8, 2024

This Information Circular is being mailed by the management of Lions Bay Capital Inc. (“**Lions Bay**”) to everyone who was a shareholder of record of our company on August 8, 2024, which is the date that has been fixed by our directors as the record date to determine shareholders who are entitled to receive notice of the meeting.

We are mailing this Information Circular in connection with the solicitation of proxies by and on behalf of our management for use at an annual general meeting of the shareholders of Lions Bay that is to be held on **Thursday September 12, 2024, at 11:00 a.m. (Pacific time) at Suite 2110, 650 West Georgia Street, Vancouver, British Columbia**. The solicitation of proxies will be primarily by mail.

Under our Articles, a quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting. If such a quorum is not present in person or by proxy, we will reschedule the meeting.

#### **PART 1 – VOTING**

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##### **HOW A VOTE IS PASSED**

All of the matters that will come to a vote at the meeting as described in the attached Notice of Meeting are ordinary resolutions and can be passed by a simple majority – that is, if more than half of the votes that are cast are in favour, then the resolution is approved.

For further detail of the matters to be put to shareholders at the meeting, see Part 3– The Business of the Meeting.

##### **WHO CAN VOTE?**

If you are a registered shareholder of Lions Bay as at August 8, 2024, you are entitled to attend at the meeting and cast a vote for each share registered in your name on all resolutions put before the meeting. If the shares are registered in the name of a corporation, a duly authorized officer of the corporation may attend on its behalf but documentation indicating such officer’s authority should be presented at the meeting. If you are a registered shareholder but do not wish to, or cannot, attend the meeting in person, you can appoint someone who will attend the meeting and act as your proxyholder to vote in accordance with your instructions (see “Voting by Proxy” below). If your shares are registered in the name of a “nominee” (usually a bank, trust company, securities dealer or other financial institution) you should refer to the section entitled “Non-registered Shareholders” set out below.

It is important that your shares be represented at the meeting regardless of the number of shares you hold. If you will not be attending the meeting in person, we invite you to complete, date, sign and return your form of proxy as soon as possible so that your shares will be represented.

##### **VOTING BY PROXY**

If you do not come to the meeting, you can still make your votes count by appointing someone who will be there to act as your proxyholder. You can either tell that person how you want to vote or you can let him or her decide for you. You can do this by completing a form of proxy.

In order to be valid, you must return a completed form of proxy by 11:00 a.m. (Pacific time) on Tuesday September 10, 2024, to our transfer agent, Computershare Trust Company of Canada, by mail at 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J

2Y1 Canada, or by facsimile number 1-866-249-7775 (within North America) and 1-416-263-9524 (outside North America); or vote by telephone or through the Internet or otherwise as instructed by the enclosed form of proxy.

### ***What is a proxy?***

A form of proxy is a document that authorizes someone to attend the meeting and cast your votes for you. We have enclosed a form of proxy with this Information Circular. You should use it to appoint a proxyholder, although you can also use any other legal form of proxy.

### ***Appointing a proxyholder***

**You can choose any individual to be your proxyholder.** It is not necessary for the person whom you choose to be a shareholder of Lions Bay. To make such an appointment, simply fill in the person's name in the blank space provided in the enclosed form of proxy. To vote your shares, your proxyholder must attend the meeting. If you do not fill a name in the blank space in the enclosed form of proxy, the persons named in the form of proxy are appointed to act as your proxyholder. Those persons are directors and/or officers of Lions Bay.

### ***Instructing your proxy***

You may indicate on your form of proxy how you wish your proxyholder to vote your shares. To do this, simply mark the appropriate boxes on the form of proxy. If you do this, your proxyholder must vote your shares in accordance with the instructions you have given.

If you do not give any instructions as to how to vote on a particular issue to be decided at the meeting, your proxyholder can vote your shares as he or she thinks fit. If you have appointed the persons designated in the form of proxy as your proxyholder they will, unless you give contrary instructions, vote your shares at the meeting as follows:

- ✓ **FOR setting the number of directors at 4;**
- ✓ **FOR the election of the proposed nominees as directors;**
- ✓ **FOR the appointment of Davidson & Company, LLP, as our auditor; and**
- ✓ **FOR annual approval of Lions Bay's 10% rolling stock option incentive plan as required annually by the TSX Venture Exchange.**

For more information about these matters, see Part 3 - The Business of the Meeting. The enclosed form of proxy gives the persons named on it the authority to use their discretion in voting on amendments or variations to matters identified on the Notice of Meeting. At the time of printing this Information Circular, we are not aware of any other matter to be presented for action at the meeting. If, however, other matters do properly come before the meeting, the persons named on the enclosed form of proxy will vote on them in accordance with their best judgment, pursuant to the discretionary authority conferred by the form of proxy with respect to such matters.

### ***Changing your mind***

If you want to revoke your proxy after you have delivered it, you can do so at any time before it is used. You may do this by (a) attending the meeting and voting in person; (b) signing a proxy bearing a later date; (c) signing a written statement which indicates, clearly, that you want to revoke your proxy and delivering this signed written statement to the registered office of Lions Bay at 2110, 650 West Georgia Street, Vancouver, British Columbia V6B 4N8; or (d) in any other manner permitted by law.

Your proxy will only be revoked if a revocation is received by 5:00 in the afternoon (Pacific time) on the last business day before the day of the meeting, or any adjournment thereof, or delivered to the person presiding at the meeting before it (or any adjournment) commences. If you revoke your proxy and do not replace it with another that is deposited with us before the deadline, you can still vote your shares but to do so you must attend the meeting in person.

## **NON-REGISTERED SHAREHOLDERS**

If your shares are not registered in your own name, they will be held in the name of a "nominee," usually a bank, trust company, securities dealer or other financial institution and, as such, your nominee will be the entity legally entitled to vote your common shares and must seek your instructions as to how to vote your shares. Accordingly, unless you have previously informed your nominee that you do not wish to receive material relating to shareholders' meetings, you will have received this Information

Circular from your nominee, together with a form of proxy or a request for voting instruction form. If that is the case, **it is most important that you comply strictly with the instructions that have been given to you by your nominee on the voting instruction form.** If you have voted and wish to change your voting instructions, you should contact your nominee to discuss whether this is possible and what procedures you must follow.

If your shares are not registered in your own name, our transfer agent will not have a record of your name and, as a result, unless your nominee has appointed you as a proxyholder will have no knowledge of your entitlement to vote. If you wish to vote in person at the meeting, therefore, please insert your own name in the space provided on the form of proxy or voting instruction form that you have received from your nominee. If you do this, you will be instructing your nominee to appoint you as proxyholder. Please adhere strictly to the signature and return instructions provided by your nominee. It is not necessary to complete the form in any other respect, since you will be voting at the meeting in person. Please register with representatives of our transfer agent, Computershare Trust Company of Canada, upon arrival at the meeting.

The Notice of Annual General Meeting, this Information Circular and a form of proxy are being sent to both registered and non-registered owners of Lions Bay’s common shares. If you are a non-registered owner and we have sent these materials to you directly, your name and address and information about your holdings of common shares of Lions Bay have been obtained in accordance with applicable securities regulatory requirements from the nominee holding the securities on your behalf. By choosing to send these materials to you directly, Lions Bay (and not your nominee) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions form that is included with this Information Circular.

In accordance with National Instrument 54-101 – *Communication With Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) of the Canadian Securities Administrators, Lions Bay has elected to send proxy-related materials directly to non-objecting beneficial owners of its common shares. As Lions Bay is unable to send proxy-related materials directly to the objecting beneficial owners (“**OBOs**”) of its common shares (because OBOs are beneficial shareholders who have objected to the release of security ownership details to issuers), proxy-related materials for the meeting will be sent to OBOs indirectly through the intermediaries who hold securities on behalf of the OBOs. The intermediaries/brokers (or their service companies) are responsible for forwarding the proxy-related materials to their OBO clients. Management of Lions Bay does not intend to pay for intermediaries to forward to their OBO clients the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* under NI 54-101 and, as such, OBOs will not receive the proxy-related materials in connection with the meeting unless such OBO’s intermediary assumes the cost of delivery.

Lions Bay has chosen to not use the notice-and-access delivery procedures provided by NI 54-101.

## **PART 2 - VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

Lions Bay has authorized voting capital of an unlimited number of common shares. Each shareholder is entitled to one vote for each common share registered in his or her name at the close of business on August 8, 2024, the date fixed by our directors as the record date for determining who is entitled to receive notice of and to vote at the meeting.

At the close of business on August 8, 2024, the record date for the meeting to which this Circular relates, 142,105,852 common shares in the capital of Lions Bay were issued and outstanding. The following table lists those persons who, as of the record date and to the knowledge of our management, beneficially owned or exercised control or direction over, directly or indirectly, 10% or more of Lions Bay’s issued and outstanding common shares.

<b>Name<sup>(1)</sup></b>	<b>Type of ownership<sup>(1)</sup></b>	<b>Number of common shares<sup>(1)</sup></b>	<b>Percentage</b>
John Byrne <sup>(2)</sup>	Indirect	86,345,323	60.76%

<sup>(1)</sup> Information as to ownership of shares has been extracted from insider reports filed by the individual and available through the Internet on the System for Electronic Disclosure by Insiders (SEDI), or has been provided by the individual.

<sup>(2)</sup> John Byrne is a director of Lions Bay standing for re-election as a director at the meeting to which this Circular relates (see Part 3 – The Business of the Meeting – Election of Directors and Part 8 – Other Information – Cease Trade Orders and Bankruptcy).

## **PART 3 – THE BUSINESS OF THE MEETING**

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### **FINANCIAL STATEMENTS**

Our audited financial statements for the year ended May 31, 2023, will be placed before you at the meeting. These financial statements have been electronically filed with regulators and are available for viewing through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedarplus.ca](http://www.sedarplus.ca). Copies of our annual financial statements and Management's Discussion and Analysis related thereto will also be available at the meeting or upon request by any shareholder who wishes to receive a copy.

### **ELECTION OF DIRECTORS**

Directors of Lions Bay are elected for a term of one year. The term of office of each of the nominees proposed for election as a director (each of whom is currently a director of Lions Bay) will expire at the meeting, and each of them, if elected, will serve until the close of the next annual general meeting, unless he resigns or otherwise vacates the office before that time.

#### *Number of Directors*

Under our Articles, the number of directors may be fixed or changed from time to time by ordinary resolution but shall not be fewer than three, the number of directors having been previously set by resolution of our shareholders at three. We currently have three directors, each of whom is being nominated by management for election at the meeting to which this Information Circular relates. At this meeting Lions Bay is proposing to increase the number of directors to four, which our Board of Directors believes would be sufficient to efficiently carry out the duties of the Board, as well as enhance the diversity of views, skills and experience the directors bring to the Board.

#### *Nominees for Election*

Those individuals named in the table that follows are the nominees proposed for election as directors of Lions Bay, together with the number of common shares of Lions Bay that are beneficially owned, directly or indirectly, or over which control or direction is exercised, by each nominee as of the date of this Circular. Three of the nominees are currently directors of Lions Bay: Ross MacLachlan having served as a director of Lions Bay since its incorporation; John Byrne since the completion of the Qualifying transaction on 14 November 2017 and Anthony Balic, appointed in October 2019. Patrick Power is standing for election for the first time at this meeting. Each of the nominees has agreed to stand for election and we are not aware of any intention of any of them not to do so. If, however, one or more of them should become unable to stand for election, it is likely that one or more other persons would be nominated at the meeting for election and, in that event, the persons designated in the form of proxy will vote in their discretion for a substitute nominee.

Lions Bay has not, as yet, adopted a majority voting policy for election of directors at uncontested shareholder meetings at which directors are to be elected. See Part 7 – Corporate Governance – Nomination and Election of Directors.

Voting for election of directors of Lions Bay is by individual voting and not by slate voting. You can vote your shares for the election of all of these nominees as directors of Lions Bay, or you can vote for some of these nominees for election as directors and withhold your votes for others, or you can withhold all of the votes attaching to the shares you own and, thus, not vote for the election of any of these nominees.

We recommend that shareholders vote in favour of the election of the proposed nominees as directors of Lions Bay for the ensuing year. **Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the election of the nominees named in this Information Circular as directors of Lions Bay.**

<b>Name and place of residence</b>	<b>Principal occupation</b>	<b>Director since</b>	<b>Number of shares<sup>(1)</sup></b>
John Byrne <sup>(2)(4)</sup> Victoria, Australia <i>President, Chief Executive Officer and Director</i>	Chairman (since July 2009) of Kalina Power Limited, a power systems company trading on the ASX.	November 2017	86,345,323 <sup>(5)</sup>
J. Ross MacLachlan <sup>(2)(3)</sup> British Columbia, Canada <i>Director</i>	Managing Director and CEO (since October 2016) and Executive Director (since June 2015) of Kalina Power Limited, a power systems company trading on the ASX; former President and CEO (from June 2005 to December 2014) of Lignol Energy Corporation, a technology company in the cellulosic ethanol and biorefining sector.	April 2010	2,885,000
Anthony Balic <sup>(2)(4)</sup> British Columbia, Canada <i>Chief Financial Officer, Director</i>	Anthony has been a Chartered Professional Accountant (CPA) since May 2009 and is a Principal of Katuni Capital Corp., a private consulting company specializing in accounting services to corporations ranging from financial and management reporting, governance and compliance to private and public companies since 2016. Mr. Balic has extensive public company experience having been a director and executive officer of numerous companies listed on the TSX Venture Exchange and the Canadian Securities Exchange in various industries such as exploration, mining and renewable energy.	October 2019	644,318
Patrick Power British Columbia, Canada <i>Director</i>	Patrick Power is a seasoned venture capitalist and financier with over 20 years of experience as a stock market professional and as director of public companies. Arctic Star benefits from Mr. Power's wealth of experience as a savvy deal maker, an adept financier and as a results-driven leader of dynamic public companies. The company enjoys Mr. Power's large network of contacts within the industry, his enthusiasm and his efforts as a member of the audit and remuneration panels.	To Be Elected at the Meeting	

<sup>(1)</sup> The information as to shares beneficially owned, or over which control or direction is exercised, not being within our knowledge, has been furnished by the respective individuals, has been extracted from the register of shareholdings maintained by our transfer agent or has been obtained from insider reports filed by the individuals and available through the Internet at the Canadian System for Electronic Disclosure by Insiders (SEDI).

<sup>(2)</sup> Member of the Audit Committee (see Part 6 – Audit Committee). The Audit Committee is the only committee of our Board of Directors.

<sup>(3)</sup> See Part 2 – Voting Shares and Principal Holders Thereof.

<sup>(4)</sup> See in Part 8 – Other Information, “Interest of Informed Persons in Material Transactions”.

<sup>(5)</sup> These shares are subject to an escrow restrictions pursuant to the policies of the Exchange.

See also Part 8 – Other Information – Cease Trade Orders and Bankruptcy.

## APPOINTMENT OF AUDITOR

Davidson & Company LLP, Chartered Accountants, has served as Lions Bay's auditor since August 7, 2020. We recommend that shareholders vote in favour of the re-appointment of Davidson & Company LLP, Chartered Accountants, as our auditor for the ensuing year.

Lions Bay's Articles provide that the directors may set the remuneration of Lions Bay's auditor.

**Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the appointment of Davidson & Company LLP, Chartered Accountants, as the auditor of Lions Bay until the close of the next annual general meeting.**

## ANNUAL APPROVAL OF STOCK OPTION PLAN

Shareholders will be asked at the meeting to consider and, if thought advisable, to pass an ordinary resolution giving annual approval of Lions Bay's 10% rolling stock option incentive plan (the "**10% Rolling Plan**"). The 10% Rolling Plan was previously approved by Lions Bay's shareholders at the annual general meeting of Lions Bay's shareholders held on June 20, 2023.

Pursuant to the policies of the TSX Venture Exchange (the "**Exchange**"), a rolling stock option plan, such as the 10% Rolling Plan, must be approved by shareholders of the issuer and submitted to the Exchange for approval on an annual basis.

The main features of the 10% Rolling Plan are summarized below.

### *Summary of the 10% Rolling Plan*

The aggregate number of common shares reserved for issuance under the 10% Rolling Plan, and the number of common shares reserved for issuance under any other share compensation arrangement granted or made available by Lions Bay from time to time, may not exceed 10% of its outstanding common shares at the time of grant. The 10% Rolling Plan must be approved and ratified by shareholders and submitted to the Exchange for approval on an annual basis.

As of the date of this Circular, Lions Bay has an aggregate 142,105,852 common shares issued and outstanding, 10% of which provides for a reserve of 14,210,585 common shares of Lions Bay for issuance pursuant to options granted under the 10% Rolling Plan. As of the date of this Circular, no incentive stock options have been granted by the Directors of the Company.

The 10% Rolling Plan is administered by the Board of Directors of Lions Bay and provides for grants of options to directors, officers and employees of and consultants to Lions Bay at the discretion of the Board. The term of any options granted under the 10% Rolling Plan will be fixed by the Board of Directors and may not exceed ten years. The exercise price of options granted under the 10% Rolling Plan will be determined by the Board of Directors, but the exercise price must not be less than the Fair Market Value (as such term is defined in the 10% Rolling Plan) of the option shares on the date of grant of the option. As the common shares are listed on the Exchange, the Fair Market Value is the lowest price permitted by the Exchange. Any options granted pursuant to the 10% Rolling Plan will terminate at the end of the period of time (to be determined in each instance by the Board of Directors at the time of grant), such period of time to not be in excess of six months after the option holder ceases to act as a director, officer or employee of or consultant to Lions Bay or any of its affiliates, unless such cessation is on account of death, disability or termination of employment with cause; and if no such period of time is determined by the Board of Directors at the time of the grant, the 30<sup>th</sup> day after the optionee ceases to be an eligible person pursuant to the terms of the 10% Rolling Plan for any reason other than death, disability or cause. If such cessation is on account of disability or death, the options terminate on the first anniversary of such cessation, and if it is on account of termination of employment with cause, the options terminate immediately. Options granted to a person engaged in investor relations activities for Lions Bay will terminate on the 30<sup>th</sup> day after the person ceases to be employed to provide investor relations activities. The 10% Rolling Plan will also provide for adjustments to outstanding options in the event of any consolidation, subdivision, conversion or exchange of the common shares. The directors may, at their discretion at the time of any grant, impose a schedule over which period of time the option will vest and become exercisable by the optionee.

Options to acquire more than 2% of the then issued and outstanding common shares may not be granted to any one consultant in any 12-month period and options to acquire more than an aggregate of 2% of the then issued and outstanding common shares may not be granted in any 12-month period to persons employed to provide investor relations activities. Options granted to any one individual in any 12-month period to acquire common shares representing more than 5% of the issued and outstanding common shares requires approval by Lions Bay's disinterested shareholders. Disinterested shareholder approval is required if the

aggregate number of shares reserved for issuance under stock options granted to insiders (as a group) at any point in time exceeds 10% of the issued common shares.

Subject to the approval of any stock exchange on which the securities of Lions Bay are then listed, the Board of Directors may terminate, suspend or amend the terms of the 10% Rolling Plan, provided that the Board of Directors may not do any of the following without obtaining, within 12 months either before or after the adoption by the Board of Directors of a resolution authorizing such action, shareholder approval, and, where required, disinterested shareholder approval as contemplated by the policies of the Exchange, or by the written consent of the holders of a majority of the securities of Lions Bay entitled to vote:

1. increase the aggregate number of common shares that may be issued under the 10% Rolling Plan;
2. materially modify the requirements as to the eligibility for participation in the 10% Rolling Plan that would have the potential of broadening or increasing insider participation;
3. add any form of financial assistance or any amendment to a financial assistance provision that is more favourable to participants under the 10% Rolling Plan;
4. add a cashless exercise feature, payable in cash or securities, which does not provide for a full deduction of the number of underlying securities from the 10% Rolling Plan reserve; and
5. materially increase the benefits accruing to participants under the 10% Rolling Plan.

However, the Board of Directors may amend the terms of the 10% Rolling Plan to comply with the requirements of any applicable regulatory authority without obtaining shareholder approval, including:

1. amendments to the 10% Rolling Plan of a housekeeping nature;
2. a change to the vesting provisions of a security or the 10% Rolling Plan; and
3. a change to the termination provisions of a security or the 10% Rolling Plan which does not entail an extension beyond the original expiry date.

A copy of the 10% Rolling Plan is available for viewing at Lions Bay's registered office located at Suite 2110, 650 West Georgia Street, Vancouver, British Columbia, or at Lions Bay's offices located at Suite 1201, 1166 Alberni Street, Vancouver, BC, during normal business hours prior to the meeting to which this Circular relates or any adjournment thereof. A copy of the 10% Rolling Plan will also be available for review at the meeting.

We believe the 10% Rolling Plan will enable us to better align the interests of our directors and officers with those of our shareholders and will reduce the cash compensation Lions Bay would otherwise have to pay. Management of Lions Bay recommends that the shareholders vote in favour of the resolution giving annual approval of the 10% Rolling Plan. **Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR annual approval of the 10% Rolling Plan.**

## **PART 4 – EXECUTIVE COMPENSATION**

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### **COMPENSATION DISCUSSION AND ANALYSIS**

The purpose of this Compensation Discussion and Analysis is to provide information about compensation decisions relating to our named executive officers (“**Named Executive Officers**”), as determined by applicable securities legislation, during the fiscal year ended May 31, 2023, and during the prior two fiscal years. During the fiscal year ended May 31, 2023, Lions Bay's Named Executive Officers were:

- John Byrne, Chief Executive Officer and President (from November 2017, to present).
- Anthony Balic, Chief Financial Officer (from November 2019, to present)

As a Capital Pool Company pursuant to the policies of the TSX Venture Exchange (the “**Exchange**”) during and prior to fiscal 2017, our principle objective was to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and, once identified and evaluated, to negotiate an acquisition or participation with a view to completing a “Qualifying Transaction”, as that term is defined in and in accordance with the policies of the Exchange. During fiscal 2018, Lions Bay completed its Qualifying Transaction.



On a going forward basis since November 14, 2017, Lions Bay having completed its Qualifying Transaction and now a Tier 2 Investment issuer on the Exchange, our Board of Directors is responsible for determining all forms of compensation to be granted to our Chief Executive Officer and to directors, and for reviewing the Chief Executive Officer's recommendations respecting compensation of the other senior executives, to ensure such arrangements reflect the responsibilities and risks associated with each position. When determining the compensation of its executive officers, the Board will consider: i) recruiting and retaining executives critical to the success of Lions Bay and the enhancement of shareholder value; ii) providing fair and competitive compensation; iii) balancing the interests of management and shareholders; and iv) rewarding performance, both on an individual basis and with respect to operations in general. In order to achieve these objectives, compensation of Lions Bay's executive officers may consist of three components: i) base salary or fee; ii) annual bonus based on actual performance relative to pre-set annual operation targets; and iii) long-term incentive in the form of stock options.

Concurrent with completion by Lions Bay of its Qualifying Transaction on November 14, 2017, Lions Bay entered into a management services agreement (the "**Byrne Agreement**") with John Byrne, Lions Bay's President and Chief Executive Officer, and Twenty-Second Yeneb Pty. Ltd. ("**22<sup>nd</sup> Yeneb**"), a private company beneficially owned by John Byrne and his spouse, pursuant to which Mr. Byrne provides services to Lions Bay in the capacity of President and Chief Executive Officer. The Byrne Agreement provides for an initial term of 12 months to November 14, 2018, continuing until terminated in accordance with the terms of the Byrne Agreement. The Byrne Agreement can be terminated on 30-days written notice by either Lions Bay or 22<sup>nd</sup> Yeneb and Mr. Byrne to the other parties or party. The Byrne Agreement provided for initial compensation to 22<sup>nd</sup> Yeneb of \$10,000 per month and was increased to \$20,000 per month on February 15, 2021, for Mr. Byrne's services as President and Chief Executive Officer, such compensation to be reviewed by Lions Bay's Board of Directors on an annual basis.

On November 1, 2019, Lions Bay entered into a management services agreement (the "**CFO Agreement**") with Anthony Balic, Lions Bay's Chief Financial Officer, and Katuni Capital Corp. ("**Katuni**"), a private company beneficially owned by Anthony Balic, pursuant to which Mr. Balic provides services to Lions Bay in the capacity of Chief Financial Officer. The CFO Agreement is for an indefinite term and can be terminated on 30-days written notice by either Lions Bay or Mr. Balic. The CFO Agreement provided for initial compensation of \$5,000 per month and was increased to \$8,750 per month on October 1, 2021, for Mr. Balic's services as Chief Financial Officer, such compensation to be reviewed by Lions Bay's Board of Directors on an annual basis.

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

Long-term incentives in the form of options to purchase common shares of Lions Bay are intended to align the interests of our directors and executive officers with those of our shareholders and to provide a long term incentive that rewards these individuals for their contribution to the creation of shareholder value and to reduce the cash compensation Lions Bay would otherwise have to pay. Lions Bay's stock option incentive plan is administered by the Board of Directors. In establishing the number of incentive stock options to be granted to officers, directors, employees or consultants under the plan, reference is made to the terms of the plan and the policies of the Exchange. Our Board of Directors considers previous grants of options and the overall number of options that are outstanding relative to the number of outstanding common 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 executive officer in determining the level of incentive stock option compensation.

See "Outstanding Option-Based Awards" below, as well as Part 3 – The Business of Meeting – Annual Approval of Stock Option Plan and Part 5 – Securities Authorized for Issuance Under Equity Compensation Plans.

#### ***Benefits and Perquisites***

We do not, as of the date of this Information Circular, offer any benefits or perquisites other than entitlement to incentive stock options as otherwise disclosed and discussed herein. Lions Bay does not, as of the date of this Information Circular, offer any form of pension plan.

#### ***Risks Associated with Lions Bay's Compensation Practices***

At the time of preparation of this Information Circular, Lions Bay's directors had not considered the implications of any risks to Lions Bay associated with decisions regarding compensation of its executive officers.

#### ***Hedging by Named Executive Officers or Directors***

Lions Bay has not, to date, adopted a policy restricting its executive officers and directors from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, which are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly,

by executive officers or directors. As of the date of this Information Circular, entitlement to grants of incentive stock options under Lions Bay's Stock Option Incentive Plan is the only equity security element awarded by Lions Bay to its executive officers and directors. See Part 3 – The Business of the Meeting – Annual Approval of Stock Option Plan and Part 5 – Securities Authorized for Issuance Under Equity Compensation Plans.

## SUMMARY COMPENSATION TABLE

### *Named Executive Officer Compensation*

The following table provides a summary of the compensation earned by, paid to, or accrued and payable to, our Named Executive Officer during the fiscal years ended May 31, 2023 and May 31, 2022. Amounts reported in the tables that follow are in Canadian dollars.

Name and principal position	Fiscal year ended May 31	Salary/Fee (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total Compensation (\$)
					Annual incentive plans	Long-term incentive plans			
John Byrne <i>President, Chief Executive Officer</i>	2023	240,000	Nil	Nil	Nil	Nil	Nil	Nil	240,000
	2022	240,000	Nil	Nil	Nil	Nil	Nil	Nil	240,000
Anthony Balic <i>Chief Financial Officer</i>	2023	105,000	Nil	Nil	Nil	Nil	Nil	Nil	105,000
	2022	90,000	Nil	Nil	Nil	Nil	Nil	Nil	90,000

### *Outstanding Option-Based Awards*

No options were granted to Lions Bay's Named Executive Officers during the fiscal year ended May 31, 2023. No other share-based or non-equity incentive plan compensation has been awarded to a Named Executive Officer.

## TERMINATION AND CHANGE OF CONTROL BENEFITS

Lions Bay is not a party to any contract, agreement, plan or arrangement with a Named Executive Officer that provides for payments to a Named Executive Officer at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation or retirement, or as a result of a change in control of Lions Bay or a change in a Named Executive Officer's responsibilities.

## DIRECTOR COMPENSATION

Since its incorporation up until the completion of its Qualifying Transaction, Lions Bay did not pay its directors a fee for acting as such. From November 14, 2017 Lions Bay pays its non-executive directors a fee of \$24,000 per annum. Lions Bay pays its executive directors \$60,000 per annum. Directors are entitled to be reimbursed for reasonable expenditures incurred in performing their duties as directors and may, from time to time, be granted options to purchase common shares.

Lions Bay's directors received the following compensation from Lions Bay during its most recently completed financial year ended May 31, 2023. See Part 4 – Executive Compensation – Summary Compensation Table – Named Executive Officers Compensation for detail with respect to compensation of Lions Bay's Named Executive Officers, John Byrne and Anthony Balic.

Name and principal position	Fiscal year ended May 31	Salary / Fee (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		All other compensation (\$)	Total Compensation (\$)
					Annual incentive plans	Long-term incentive plans		
Ross MacLachlan	2023	24,000	Nil	Nil	Nil	Nil	Nil	24,000
	2022	24,000	Nil	Nil	Nil	Nil	Nil	24,000

### ***Outstanding Option-Based Awards***

No options were granted to Lions Bay's directors during the fiscal year ended May 31, 2023.

### ***Value Vested or Earned During the Year***

The value vested during the year is the aggregate dollar value that would have been realized if the incentive stock options had been exercised on the vesting date - that is, the difference between the market price of the underlying common shares and the option exercise price on the vesting date. Value earned relates to the aggregate dollar value that would have been realized if the incentive stock options had been exercised.

As no incentive stock options were exercised by our directors during Lions Bay's fiscal year ended May 31, 2023, no value was earned by our directors during the fiscal year ended May 31, 2023, as a result of exercise of incentive stock options.

## **PART 6 – AUDIT COMMITTEE**

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### **AUDIT COMMITTEE CHARTER**

The charter for the Audit Committee of our Board of Directors is attached to this Information Circular as Appendix A.

### **AUDIT COMMITTEE MEMBERS**

John Byrne, J. Ross MacLachlan and Anthony Balic, Lions Bay's three directors, comprise the Audit Committee. Mr. MacLachlan is considered "independent" of management, having applied the guidance provided by applicable securities legislation, and all three of the Audit Committee members have the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by our financial statements. John Byrne is Lions Bay's President and Chief Executive Officer, and Anthony Balic is the Company's Chief Executive Officer, and, as such, are not considered to be independent of management.

### **RELEVANT EDUCATION AND EXPERIENCE**

All of the Audit Committee members are businessmen with experience in financial matters; each has an understanding of accounting principles used to prepare financial statements and varied experience as to general application of such accounting principles, internal controls and procedures necessary for financial reporting, which has been garnered from working in their individual fields of endeavor.

#### *John Byrne*

John Byrne has over 30 years' experience in the natural resources industry as an investor and resource business developer. During the past 15 years, Mr. Byrne has founded and built a number of companies from the ground up, including from development through to production. In this period he has been instrumental as either CEO or Executive Chairman in overseeing the building of six coal mines (in Canada, the US and the UK) along with three wash plants. From March 2001 to May 2010, Mr. Byrne was Chairman of Western Coal Corporation, a global coal producer. Since retiring from Western Coal Corporation, Mr. Byrne is now

concentrated on identifying projects in and solutions to a number of sustainability issues that exist in the world today. Mr. Byrne was the Chair (from July 2010 to June 2014) and CEO (from April 2011 to June 2014) of EastCoal Inc., a mineral exploration and development company listed for trading on the Exchange and on the AIM market of the London Stock Exchange, and he was a director (from April 2002 to February 2010) of Cambrian Mining PLC, an exploration and mining company.

*J. Ross MacLachlan*

J. Ross MacLachlan is an Executive Director (since June 2015) of Kalina Power Limited, a power systems company trading on the ASX, and has been Kalina’s Chief Executive Officer since October 2016. Prior to his involvement with Kalina Power Limited, Mr. MacLachlan served as President and Chief Executive Officer (from June 2005 to December 2014) of Lignol Energy Corporation, a technology company in the cellulosic ethanol and biorefining sector. Mr. MacLachlan previously served as director of Pristine Power Inc., a developer and operator of electricity and steam generation facilities; as a director of Response Biomedical Corp., a biotechnology company engaged in the development of diagnostic technologies; and as a director of Swift Power Corp., a hydroelectric development company.

*Anthony Balic*

Anthony Balic has been a Chartered Professional Accountant (CPA) since May 2009 and is a Principal of Katuni Capital Corp., a private consulting company specializing in accounting services to corporations ranging from financial and management reporting, governance and compliance to private and public companies since 2016. Mr. Balic has extensive public company experience having been a director and executive officer of numerous companies listed on the TSX Venture Exchange and the Canadian Securities Exchange in various industries such as exploration, mining and renewable energy

**EXTERNAL AUDITOR SERVICE FEES**

Aggregate audit fees billed by our external auditor, Davidson & Company LLP, Chartered Accountants, for services rendered in connection with the financial years ended May 31, 2023 and May 31, 2022 are summarized as follows:

	<b>Fiscal year ended May 31, 2023</b>	<b>Fiscal year ended May 31, 2022</b>
Audit fees.....	\$95,000	\$80,000
Audit related fees.....	Nil	Nil
Tax fees.....	Nil	Nil
All other fees.....	Nil	Nil

**PRE-APPROVED POLICIES AND PROCEDURES FOR NON-AUDIT SERVICES**

Our Audit Committee Charter provides that management seek approval from the Audit Committee for all non-audit services to be provided to Lions Bay by our external auditor, prior to engaging the external auditor to perform those non-audit services.

**AUDIT COMMITTEE OVERSIGHT**

At no time since the commencement of Lions Bay’s most recently completed financial year ended May 31, 2023, has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board of Directors.

**RELIANCE ON EXEMPTIONS**

As Lions Bay is a “Venture Issuer” pursuant to relevant securities legislation, we are relying on the exemption in Section 6.1 of National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”) from the Audit Committee composition requirements of Part 3 and the reporting obligations of Part 5 of NI 52-110.

At no time since the commencement of Lions Bay’s most recently completed financial year ended May 31, 2022, has Lions Bay relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or the exemptions in Section 6.1.1 of NI 52-110 with respect to composition of an audit committee of a venture issuer (*Circumstance Affecting the Business or Operations of the Venture Issuer, Events Outside Control of Member and Death, Incapacity or Resignation*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

## **PART 7 – CORPORATE GOVERNANCE**

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Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to shareholders, and takes into account the role of the individual members of management who are appointed by the Board of Directors and who are charged with the day-to-day management of Lions Bay. Our Board of Directors is committed to sound corporate governance practices, which are in the interest of its shareholders and also contribute to effective and efficient decision making.

### ***Composition of Board of Directors***

The Board of Directors of Lions Bay facilitates its exercise of independent supervision over management by ensuring that there are directors on the Board who are independent of management. The Board, at present, is composed of three directors, one of whom, Ross MacLachlan, is considered to be independent of management, having applied the guidelines contained in applicable legislation. In determining whether a director is independent, the Board considers, for example, whether a director has a relationship which could, or could be perceived to, interfere with the director’s ability to objectively assess the performance of management. On this basis, John Byrne, as President and Chief Executive Officer, and Anthony Balic, as Chief Financial Officer, are not considered to be independent directors.

Board consideration and approval is required for all material contracts, business transactions and all debt and equity financing proposals. The Board delegates to management, through the Chief Executive Officer, responsibility for meeting defined corporate objectives, evaluating new business opportunities and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations respecting corporate objectives.

The directors believe that, at this early stage of Lions Bay’s development, the current composition of the Board of Directors adequately facilitates its exercise of independent supervision over management. The Board anticipates that, as Lions Bay matures as a business enterprise, it will identify additional qualified candidates that have experience relevant to our needs, who are independent of management and are considered to be independent under applicable corporate governance legislation and guidelines.

### ***Directorships in other Public Companies***

The directors of Lions Bay are also directors of other reporting issuers as follows:

<b>Name</b>	<b>Other Reporting Issuer</b>
John Byrne	Kalina Power Limited
J. Ross MacLachlan	Kalina Power Limited
Anthony Balic	Fidelity Minerals Corp., Goldgroup Mining Inc., Smithe Resources Corp., Gold Basin Resources Corporation

See Part 8 – Other – Cease Trade Orders and Bankruptcy.

### ***Orientation and Continuing Education***

Lions Bay has not yet developed an official orientation or training program for new directors. All of Lions Bay’s current directors are familiar with business operations and publicly traded companies in general and, as such, formal orientation has not, to date, been required. New directors will be provided with a thorough overview of Lions Bay’s business, assets and operations, as well as strategic plans and objectives through discussions and meetings with other directors and with officers. Orientation activities will be tailored to the particular needs and experience of each director and the overall needs of the Board.

Management of Lions Bay will endeavour to provide a continuous flow of information to its directors for continuing education purposes relating to Lions Bay’s business and operations, as well as information and other initiatives intended to keep the Board

abreast of new developments and challenges that Lions Bay may face and each director, by virtue of the role, is responsible for staying informed about Lions Bay's business and developments in the industry.

### ***Ethical Business Conduct***

The Board monitors the ethical conduct of Lions Bay and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board has found that the fiduciary duties placed on individual directors by our governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of Lions Bay and its shareholders.

### ***Nomination and Election of Directors***

As Lions Bay progresses as a business enterprise, the Board of Directors will consider its size each year when it considers the number of directors to recommend to shareholders for election at annual general meetings, taking into account the number of directors required to carry out the Board's duties effectively and to maintain diversity of view and experience. The Board has not, as yet, appointed a nominating committee and these functions are currently performed by the Board as a whole.

We have not yet considered adopting an advance notice policy requiring that a shareholder proposing to nominate a person for election as a director at a shareholders' meeting must provide the Company with advance notice of, and prescribed details concerning, the proposed nominee.

Lions Bay has not, as yet, adopted a majority voting policy such that procedures would be in place requiring the resignation of a director should the director receive more "withheld" votes than votes "for" at any uncontested meeting of shareholders at which directors are elected; however, as part of its annual process of determining director nominees, the Board will closely examine directors who do not have the support of a majority of shareholders before nominating those individuals for re-election.

Voting for election of directors is by individual voting and not by slate voting.

### ***Compensation***

Lions Bay's Board of Directors is responsible for determining all forms of compensation to be granted to its Chief Executive Officer and to directors, and for reviewing the Chief Executive Officer's recommendations respecting compensation of the other senior executives, to ensure such arrangements reflect the responsibilities and risks associated with each position. See Part 4 – Executive Compensation.

### ***Committees of the Board of Directors***

As of the date of this Information Circular, our Board of Directors has not appointed any committees other than the Audit Committee. See Part 6 – Audit Committee.

### ***Assessments***

The Board does not formally review the contributions of individual directors; however, it believes that its current size facilitates informal discussion and evaluation of members' contributions within that framework.

## **PART 8 – OTHER INFORMATION**

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

Except as otherwise disclosed below, no proposed nominee for election as a director, and no director or officer of Lions Bay who has served in such capacity since the beginning of Lions Bay's financial year ended May 31, 2023, and no shareholder holding of record or beneficially, directly or indirectly, more than 10% of Lions Bay's outstanding common shares, and none of the respective associates or affiliates of any of the foregoing, had or has any interest in any transaction with Lions Bay since the beginning of the financial year ended May 31, 2022, or in any proposed transaction, that has materially affected Lions Bay or is likely to do so.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Since the beginning of the most recently completed financial year ended May 31, 2023, and as at the date of this Information Circular, no director, executive officer or employee or former director, executive officer or employee of Lions Bay, nor any nominee for election as a director of Lions Bay, nor any associate of any such person, was indebted to Lions Bay; nor was any indebtedness to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Lions Bay.

## INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED ON AT THE MEETING

Except as otherwise disclosed in this Information Circular, none of the directors or executive officers of Lions Bay who have served in such capacity since the beginning of or during the most recently completed financial year ended May 31, 2023, nor any associate or affiliate of any of those directors and executive officers, has any substantial interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the meeting other than the election of directors and annual approval of the stock option incentive plan. See “Interest of Informed Persons in Material Transactions” above and Part 3 – The Business of the Meeting.

## MANAGEMENT CONTRACTS

The management functions of Lions Bay are performed by our directors and executive officers and we have no management agreements or arrangements under which such management functions are performed by persons other than the directors and executive officers of Lions Bay. See Part 4 – Executive Compensation and “Interest of Informed Persons in Material Transactions” above.

## PENALTIES OR SANCTIONS

No individual who is a proposed director, officer or Promoter of Lions Bay, or a security holder anticipated to hold sufficient securities of Lions Bay to affect materially the control of Lions Bay, has:

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable securityholder making a decision about the Acquisition.

## CEASE TRADE ORDERS AND BANKRUPTCY

Except as otherwise disclosed below, as at the date of this Information Circular, no proposed nominee for election as a director of Lions Bay is, or has been, within 10 years before the date of this Information Circular:

1. a director, chief executive officer or chief financial officer of any company (including Lions Bay and any personal holding company of the proposed director) that, while that person was acting in that capacity:
  - (a) was subject to:
    - (i) a cease trade order (including any management cease trade order which applied to directors or executive officers of a company, whether or not the person is named in the order), or
    - (ii) an order similar to a cease trade order, or
    - (iii) 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 (an “**Order**”); or
  - (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
2. a director or executive officer of any company (including Lions Bay and any personal holding company of the proposed director) 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.

#### ***EastCoal Inc.***

John Byrne, the President and Chief Executive Officer and a director of Lions Bay standing for election as a director at the meeting to which this Circular relates, was a director and the Chairman of EastCoal Inc. (“**EastCoal**”) from July 2010 to June 2014, and he was EastCoal’s Chief Executive Officer from April 2011 to June 2014. On November 5, 2013, EastCoal filed a Notice of Intention to Make a Proposal pursuant to the provisions of Part III of the Bankruptcy and Insolvency Act (Canada) (the “**BIA**”). Pursuant to the Notice, Deloitte Restructuring Inc. (“**Deloitte**”) was appointed as the trustee in EastCoal’s proposal proceedings to assist EastCoal in its restructuring efforts. The proposal to EastCoal’s creditors under the BIA was unanimously approved by the creditors at the meeting of creditors held on April 22, 2014. Pursuant to the requirements of the BIA, Deloitte, as the proposal trustee, and EastCoal sought an order from the Supreme Court of British Columbia approving the proposal, which order approving the proposal and the associated transactions was granted on May 20, 2014. EastCoal’s obligations under the proposal were completed and the associated transactions were effected as of June 23, 2014.

#### ***Wasabi Energy Limited (subsequently Enhanced Systems Technologies Limited, now Kalina Power Limited)***

John Byrne, the President and Chief Executive Officer and a director of Lions Bay standing for election as a director at the meeting to which this Circular relates, was, at the time, a director and the Executive Chair (since July 2009) of Wasabi Energy Limited (“**Wasabi**”), and as of the date of this Circular is a director and the Executive Chair of Kalina Power Limited. On December 30, 2013, Wasabi, subsequently following a name change, Enhanced Systems Technologies Limited and, subsequently following a further change of name, Kalina Power Limited entered into Voluntary Administration as a result of failure to raise sufficient funds under a rights issue. On February 20, 2014, Wasabi and its directors entered into a Deed of Company Arrangement (“**DOCA**”) with Wasabi’s creditors, which gave Wasabi the opportunity to recover value for shareholders, which then included the majority of Wasabi’s major creditors. On May 16, 2014, Wasabi’s shareholders approved a proposed consolidation and issuance of shares to Wasabi’s creditors to allow the DOCA to be implemented. The terms of the DOCA were completed and on June 23, 2014, the administrator of the DOCA filed forms with the Australian Securities & Investments Commission confirming that the DOCA had been effectuated.

#### ***Lignol Energy Corporation***

Ross MacLachlan, a founding director of Lions Bay standing for re-election as a director at the meeting to which this Circular relates, served as the President, Chief Executive Officer and Chairman of the Board of Lignol Energy Corporation (“**Lignol**”) from June 2006 to December 2014. On August 22, 2014, The Bowra Group Inc. was appointed by a creditor as receiver of Lignol following discontinued negotiations with respect to the terms of a proposed financing and the possible sale of the assets by Lignol. To the best of Mr. MacLachlan’s knowledge, the receiver is currently in possession and control of Lignol’s assets and undertaking.

On September 8, 2014, the British Columbia Securities Commission issued a cease trade order against Lignol for failure to file financial statements and management’s discussion and analysis for the fiscal year ended April 30, 2014. On December 8, 2014, the Alberta Securities Commission issued a cease trade order against Lignol for failure to file financial statements and management’s discussion and analysis for the fiscal year ended April 30, 2014, and for failure to file an interim financial report and management’s discussion and analysis for the interim period ended July 31, 2014. As of the date of this Circular, neither of these cease trade order have been revoked or rescinded.

See Part 3 – The Business of the Meeting – Election of Directors.

#### **PERSONAL BANKRUPTCY**

No proposed nominee for election as a director of Lions Bay has, within the ten years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.



## **OTHER MATTERS**

Management of Lions Bay is not aware of any other matters to come before the meeting other than as set forth in the Notice of Meeting that accompanies this Information Circular. If any other matter properly comes before the meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

## **ADDITIONAL INFORMATION**

You may obtain additional financial information about Lions Bay Capital Inc. in our comparative financial statements and Management's Discussion and Analysis for the fiscal year ended May 31, 2023, which have been electronically filed with regulators and are available for viewing through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR+) at [www.sedarplus.ca](http://www.sedarplus.ca), under Lions Bay's issuer profile. Additional copies may be obtained without charge upon request to us at Suite 1201, 1166 Alberni Street, Vancouver, BC, V6E 3Z3. You may also access our disclosure documents through the Internet on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## APPENDIX A

### LIONS BAY CAPITAL INC. (the “Company”)

#### CHARTER FOR THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

##### 1. Purpose

- 1.1. The Audit Committee is ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting, as well as internal controls to achieve the objectives of safeguarding of corporate assets; reliability of information; and compliance with policies and laws. Within this mandate, the Audit Committee’s role is to:
  - (a) support the Board of Directors in meeting its responsibilities to shareholders;
  - (b) enhance the independence of the external auditor;
  - (c) facilitate effective communications between management and the external auditor and provide a link between the external auditor and the Board of Directors; and
  - (d) increase the credibility and objectivity of the Company’s financial reports and public disclosure.
- 1.2. The Audit Committee will make recommendations to the Board of Directors regarding items relating to financial and regulatory reporting and the system of internal controls following the execution of the Committee’s responsibilities as described herein.
- 1.3. The Audit Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors from time to time prescribe.

##### 2. Membership

- 2.1. Each member of the Audit Committee must be a director of the Company.
- 2.2. The Audit Committee will consist of at least three members, the majority of whom are considered “independent” as that term is defined in National Instrument 52-110.
- 2.3. The members of the Audit Committee will be appointed annually by and will serve at the discretion of the Board of Directors.

##### 3. Authority

- 3.1. In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:
  - (a) engage, and set and pay the compensation for, independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities; and
  - (b) communicate directly with management and any internal auditor, and with the external auditor without management involvement.

##### 4. Duties and Responsibilities

- 4.1. The duties and responsibilities of the Audit Committee include:
  - (a) recommending to the Board of Directors the external auditor to be nominated by the Board of Directors;
  - (b) recommending to the Board of Directors the compensation of the external auditor;
  - (c) reviewing the external auditor’s audit plan, fee schedule and any related services proposals;
  - (d) overseeing the work of the external auditor;
  - (e) ensuring that the external auditor is in good standing with the Canadian Public Accountability Board and enquiring if there are any sanctions imposed by the CPAB on the external auditor;
  - (f) ensuring that the external auditor meets the rotation requirements for partners and staff on the Company’s audits;

- (g) reviewing and discussing with management and the external auditor the annual audited financial statements, including discussion of material transactions with related parties, accounting policies, as well as the external auditor's written communications to the Committee and to management;
- (h) reviewing the external auditor's report, audit results and financial statements prior to approval by the Board of Directors;
- (i) reporting on and recommending to the Board of Directors the annual financial statements and the external auditor's report on those financial statements, prior to Board approval and dissemination of financial statements to shareholders and the public;
- (j) reviewing financial statements, MD&A and annual and interim earnings press releases prior to public disclosure of this information;
- (k) ensuring adequate procedures are in place for review of all public disclosure of financial information by the Company, prior to its dissemination to the public;
- (l) overseeing the adequacy of the Company's system of internal accounting controls and internal audit process obtaining from the external auditor summaries and recommendations for improvement of such internal accounting controls;
- (m) ensuring the integrity of disclosure controls and internal controls over financial reporting;
- (n) resolving disputes between management and the external auditor regarding financial reporting;
- (o) establishing procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Company from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practices relating thereto; and
  - (ii) the confidential, anonymous submission by employees of the Company or concerns regarding questionable accounting or auditing matters;
- (p) reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;
- (q) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor; and
- (r) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities.

4.2. The Audit Committee will report, at least annually, to the Board regarding the Committee's examinations and recommendations.

## **5. Meetings**

- 5.1. The quorum for a meeting of the Audit Committee is a majority of the members of the Committee who are not officers or employees of the Company or of an affiliate of the Company.
- 5.2. The members of the Audit Committee must elect a chair from among their number and may determine their own procedures.
- 5.3. The Audit Committee may establish its own schedule that it will provide to the Board of Directors in advance.
- 5.4. The external auditor is entitled to receive reasonable notice of every meeting of the Audit Committee and to attend and be heard thereat.
- 5.5. A member of the Audit Committee or the external auditor may call a meeting of the Audit Committee.
- 5.6. The Audit Committee will meet separately with the President and separately with the Chief Financial Officer of the Company at least annually to review the financial affairs of the Company.
- 5.7. The Audit Committee will meet with the external auditor of the Company at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.
- 5.8. The chair of the Audit Committee must convene a meeting of the Audit Committee at the request of the external auditor, to consider any matter that the auditor believes should be brought to the attention of the Board of Directors or the shareholders.

**6. Reports**

- 6.1. The Audit Committee will record its recommendations to the Board in written form which will be incorporated as a part of the minutes of the Board of Directors' meeting at which those recommendations are presented.

**7. Minutes**

- 7.1. The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.