



**SIGNAL GOLD INC.**

**Annual Information Form**

**For the year ended December 31, 2022**

March 2, 2023

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## **ABOUT THIS ANNUAL INFORMATION FORM**

In this annual information form (“Annual Information Form” or “AIF”), references to the “Company”, “Signal Gold” or “Signal”, mean Signa Gold Inc. (previously Anaconda Mining Inc.) and its subsidiaries, unless the context otherwise requires or indicates. The information in this document is presented as of December 31, 2022, unless otherwise indicated. All references to dollar amounts and to “\$” or “dollar” in this document are to Canadian dollars, unless otherwise indicated.

## **CAUTIONARY STATEMENTS**

### **Forward-Looking Information**

This AIF contains “forward-looking information” under applicable Canadian securities legislation. Forward-looking information is characterized by words such as “plan”, “expect”, “budget”, “target”, “schedule”, “estimate”, “forecast”, “project”, “intend”, “believe”, “anticipate” and other similar words or statements that certain events or conditions “may”, “could”, “would”, “might”, or “will” occur or be achieved. Forward-looking information includes, but is not limited to, information with respect to: the Company’s expected production from, and further potential of, the Company’s properties; the Company’s ability to raise additional funds; the future price of minerals, particularly gold; the estimation of Mineral Reserves and Mineral Resources; conclusions of economic evaluations; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Estimates regarding the anticipated timing, amount and cost of exploration and development activities are based on assumptions underlying Mineral Reserve and Mineral Resource estimates and the realization of such estimates. Capital and operating cost estimates are based on extensive research of the Company, purchase orders placed by the Company to date, recent estimates of construction and mining costs and other factors.

Forward-looking information is based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include: the requirement for additional funding for development and exploration; the fluctuating price of gold; success of exploration, development and operations activities; health, safety and environmental risks and hazards; uncertainty in the estimation of Mineral Reserves and Mineral Resources; replacement of depleted Mineral Reserves; the potential of production and cost overruns; obligations as a public company; the ability of the Company to obtain required licenses and permits; risks relating to government regulation and taxation; volatility in the market price of the Company’s securities; risks relating to climate change; risks relating to title and Indigenous people; risks relating to the construction and development of new mines; the availability of adequate infrastructure; limitations on insurance coverage; the prevalence of competition within the mining industry; currency exchange rates; risks relating to potential litigation; cyber-security risks; as well as those risk factors discussed or referred to herein and in the Company’s annual management’s discussion and analysis as at and for the fiscal year ended December 31, 2022 and the Company’s other public disclosure documents, available under the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. The Company disclaims any obligation to update forward-looking information if circumstances or management’s estimates, assumptions or opinions should change, except as required by applicable law. The reader is cautioned not to place undue reliance on forward-looking information. The forward-looking information contained herein is presented to assist investors in understanding the Company’s expected financial and operational performance and results as at and for the periods ended on the dates presented in the Company’s plans and objectives and may not be appropriate for other purposes.

## **Note to United States Investors Concerning Estimates of Mineral Reserves and Mineral Resources**

This AIF was prepared in accordance with Canadian standards for reporting of mineral resource estimates, which differ in some respects from United States standards. In particular, and without limiting the generality of the foregoing, the terms “inferred mineral resources,” “indicated mineral resources,” and “mineral resources” used or referenced in this AIF are Canadian mineral disclosure terms as defined in accordance with National Instrument 43-101 (“NI 43-101”) under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum Standards for Mineral Resources and Mineral Reserves, Definitions and Guidelines, May 2014 (the “CIM Standards”). Until recently, the CIM Standards differed significantly from standards in the United States. The U.S. Securities and Exchange Commission (the “SEC”) has adopted amendments to its disclosure rules to modernize the mineral property disclosure requirements for issuers whose securities are registered with the SEC under the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). These amendments became effective February 25, 2019 (the “SEC Modernization Rules”) with compliance required for the first fiscal year beginning on or after January 1, 2021. The SEC Modernization Rules replace the property disclosure requirements for mining registrants that were included in SEC Industry Guide 7, which will be rescinded from and after the required compliance date of the SEC Modernization Rules. As a result of the adoption of the SEC Modernization Rules, the SEC now recognizes estimates of “measured mineral resources,” “indicated mineral resources” and “inferred mineral resources”. In addition, the SEC has amended its definitions of “proven mineral reserves” and “probable mineral reserves” to be “substantially similar” to the corresponding definitions under the CIM Standards that are required under NI 43-101. Investors are cautioned that while the above terms are “substantially similar” to the corresponding CIM Definition Standards, there are differences in the definitions under the SEC Modernization Rules and the CIM Definition Standards. Accordingly, there is no assurance any mineral reserves or mineral resources that the Company may report as “proven mineral reserves”, “probable mineral reserves”, “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources” under NI 43-101 would be the same had the Company prepared the mineral reserve or mineral resource estimates under the standards adopted under the SEC Modernization Rules. Readers are cautioned that “inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies, except in limited circumstances. The term “resource” does not equate to the term “reserves”. Readers should not assume that all or any part of measured or indicated mineral resources will ever be converted into mineral reserves. Readers are also cautioned not to assume that all or any part of an inferred mineral resource exists or is economically mineable.

## **CORPORATE STRUCTURE**

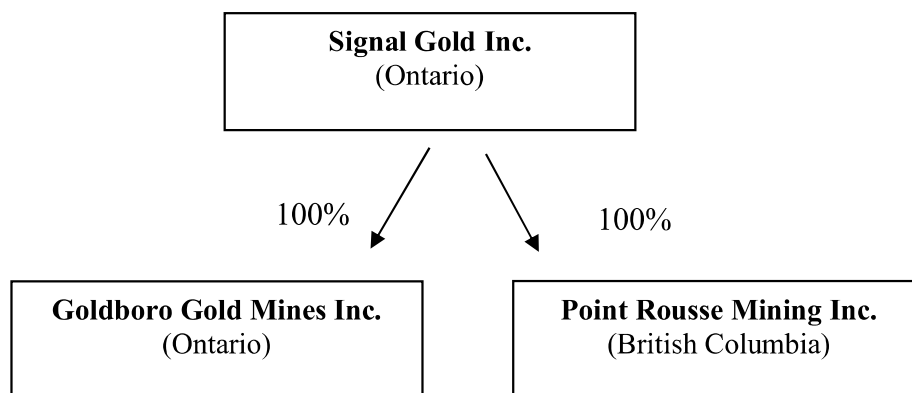
Signal Gold Inc. (previously Anaconda Mining Inc.) was incorporated in the Province of British Columbia under the *Business Corporations Act* (British Columbia) on April 12, 1994 under the name Mina Resources Inc. On April 28, 1997, the Company changed its name to Anaconda Uranium Corp. On July 22, 2002, the Company continued into the province of Ontario under the *Business Corporations Act* (Ontario) (the “OBCA”), changed its name to Anaconda Gold Corp. and increased its authorized capital to an unlimited number of common shares. On April 17, 2007, the Company changed its name to Anaconda Mining Inc. and consolidated the issued and outstanding common shares in the capital of the Company on the basis of one common share for two common shares then outstanding. On January 18, 2018, the Company completed a consolidation of its share capital on the basis of four (4) existing common shares for one (1) new common share, and the number, exchange basis or exercise price of all stock options and warrants were also adjusted accordingly. On May 12, 2022, the Company changed its name to Signal Gold Inc., to better reflect the Company’s commodity focus, history, and its progress in the top-tier mining jurisdiction of Atlantic Canada.

On May 19, 2017, Signal Gold completed an acquisition of all the issued and outstanding common shares of Goldboro Gold Mines Inc. (previously Orex Exploration Inc. (“Orex”)) by way of a court-approved Plan of Arrangement (the “Arrangement”), by which the Company acquired the Goldboro Project in Nova Scotia, Canada.

Signal Gold’s head and registered office is located at 20 Adelaide Street East, Suite 915, Toronto, Ontario, Canada M5C 2T6. Signal Gold’s common shares trade on the Toronto Stock Exchange (“TSX”) under the symbol “SGNL” and on the OTCQX Best Market in the United States (“OTCQX”) under the symbol “SGNLF”.



The following chart illustrates the material intercorporate relationships of the Company as at the date of this AIF. The chart shows the jurisdiction of incorporation of each material subsidiary and the percentage of votes attaching to all voting securities beneficially owned, controlled or directed (directly or indirectly), by the Company.



## DESCRIPTION OF THE BUSINESS

### General

Signal Gold Inc. is a TSX and OTCQX-listed gold development and exploration company, advancing the 100%-owned, high-grade Goldboro Project in Nova Scotia, Canada (“Goldboro”). The Goldboro Project is a significant growth project subject to a positive Feasibility Study which demonstrates an approximately 11-year open pit life of mine (“LOM”) with average gold production of 100,000 ounces per annum and an average diluted grade of 2.26 grams per tonne (“g/t”) gold. (Please see the ‘NI 43-101 Technical Report and Feasibility Study for the Goldboro Gold Project, Eastern Goldfields District, Nova Scotia’ on January 11, 2022, for further details). On August 2, 2022, the Goldboro Project received its environmental assessment approval from the Nova Scotia Minister of Environment and Climate Change, a significant regulatory milestone which enables the Company to commence site-specific permitting processes including the Industrial Approval, Crown Land Lease, and Mining Lease applications. The Goldboro Project also has potential for further Mineral Resource expansion, particularly towards the west along strike and at depth. A future study will consider upgrading and expanding potentially mineable underground Mineral Resources as part of the longer-term mine development plan.

#### *The Goldboro Project – Nova Scotia, Canada*

The Goldboro Project is a 100%-owned gold development project located in Guysborough County, Nova Scotia, located approximately 175 kilometres northeast of Halifax and covering 600 hectares. On January 20, 2022, the Company filed the Phase I Open Pit Feasibility Study for Goldboro, prepared in accordance with NI 43-101. Mineral Resources, Mineral Reserves, and the financial analysis for the Project were completed using base case assumptions of US\$1,600 per ounce of gold and an exchange rate of US\$1.00 to C\$1.25.

Highlights of the Phase 1 Feasibility Study include:

- Total gold recovered of over 1.10 million ounces over an approximately 11-year open pit life of mine (“LOM”) with average gold production of 100,000 ounces per annum and an average diluted grade of 2.26 g/t gold;
- Pre-tax Net Present Value at a 5% discount rate (“NPV 5%”) of \$484 million and a pre-tax Internal Rate of Return (“IRR”) of 31.2%, with a projected pre-tax payback of 2.7 years;
- After-tax NPV 5% of \$328 million and an after-tax IRR of 25.5%, projected after-tax payback of 2.9 years;
- Maiden Open Pit Probable Mineral Reserves of 1,150,200 ounces of gold (15.8 Mt at 2.26 g/t gold);
- Open pit Measured and Indicated Mineral Resources of 1,422,000 ounces (15.7 Mt at 2.82 g/t gold) and Underground Measured and Indicated Mineral resources of 1,159,000 ounces (5.9 Mt at 6.09 g/t gold);

- Open Pit Inferred Mineral Resources of 66,000 (0.98 Mt at 2.11 g/t gold) and Underground Inferred Mineral Resources of 418,000 ounces (2.2 Mt at 5.89 g/t gold);
- Initial capital cost ("Capex") of \$271 million and LOM sustaining capital of \$63.1 million;
- Projected creation of approximately 345 direct full-time jobs during construction and 215 direct full-time jobs during operations, while generating in excess of \$226 million in federal and provincial tax payments;
- Mill capacity of 4,000 tonnes per day ("tpd") based on a combined gravity and leaching circuit, yielding an average gold recovery of 95.8%; and
- ***At a gold price of \$2,200 (~US\$1,760), Goldboro could generate cumulative after-tax net cash flows of approximately \$684 million, an after-tax NPV 5% of over \$442 million and an after-tax IRR of 31.7%.***

The open pit design in the Phase 1 Feasibility Study contemplates two distinct open pits, a West Pit and East Pit, separated by Gold Brook Lake. The Study outlines a conventional open pit mining operation and a 4,000 tpd processing facility based on a combined gravity and leaching circuit using carbon-in-pulp technology, achieving strong metallurgical recoveries of 95.8%. The Study represents Phase I of a longer-term mine development plan whereby, once open pit mining has commenced, the Company will consider further opportunities with respect to the underground Mineral Resource. This may include infill and expansion drilling, possibly from drifts off benches within the open pits, allowing for more effective and less expensive diamond drilling. Pending positive results of that work, the Company would then initiate a study to consider incorporating an underground mining operation to the Project.

On August 2, 2022, the Project was approved by the Nova Scotia Minister of Environment and Climate Change subject to the terms and conditions outlined in the Environmental Assessment Approval. The approval marks a significant milestone in the regulatory approval process, allowing the Company to commence site-specific permitting processes including the Industrial Approval and Crown Land Lease and Mining Lease applications. The Company continues to advance permitting activities, including Mi'kmaq engagement and public consultation, additional surface and groundwater modelling, geotechnical programs, detailed engineering, and ongoing baseline studies to support the Industrial Approval Application.

On November 28, 2022, the Company completed the acquisition of a 100% interest in six (6) exploration licenses adjacent to the Goldboro Mineral Resource, increasing the Company's exploration license area to 4,047.5 hectares. This represents a significant milestone in the development of the Goldboro Project as these exploration licenses cover the surface area which will be required for much of the Goldboro Project's key infrastructure. It also adds further exploration opportunity along strike of the Goldboro Mineral Resource, as the additional licenses include the strike continuity of the host structure of the Goldboro Deposit, bringing the total known and prospective strike length to 7.5 kilometres.

#### *Other Assets - Newfoundland*

The Company owns 100% of the Point Rouse Project ("Point Rouse") which is situated within the larger Baie Verte Peninsula on the north-central part of Newfoundland. Point Rouse is comprised of the past-producing Stog'er Tight Mine and deposit, the fully permitted Pine Cove Mill, a permitted in-pit tailings facility, and a deep-water port. As announced on October 25, 2022, the Company began winding down its operations at Point Rouse and has now completed mining at the Argyle Mine ("Argyle"). All ore has been hauled to the Pine Cove Mill for final processing which is expected to be complete in March 2023. The site has already commenced certain progressive rehabilitation activities, including the backfilling of the settlement pond at Argyle and the reclamation of tailings storage #1.

The Company also owns the Tilt Cove Gold Project, an exploration-stage gold-copper project located within the Baie Verte Mining District, near the community of La Scie, Newfoundland, approximately 45 kilometres by road from the Company's Pine Cove Mill. The Tilt Cove Gold Project includes ~15,000 hectares of highly prospective mineral property covering 35 kilometres of high-potential strike length, including those adjacent to the past producing, high-grade Nugget Pond Mine.

The Company is reviewing strategic alternatives to maximize the value of its Newfoundland assets.

## **Principal Product**

The principal product of the Company is gold in the form of doré bars. The gold is refined under commercially competitive terms common to the industry and meets international delivery standards for gold bullion. Gold trades on numerous liquid markets worldwide, generally allowing for the orderly sale of gold at any time when the markets are open with no dependence on any individual purchaser.

In 2022, Signal Gold sold 18,078 ounces of gold from its Point Rousse Project to generate metal revenue of \$41.7 million. With the wind down of the operations at Point Rousse, the Company the Company expects to process and sell up to another 2,500 ounces in the first quarter of 2023 as the operation transitions to care and maintenance.

## **Competitive Conditions**

The gold mining, development and exploration business is an intensely competitive business, and the Company is a moderately-sized gold developer in the context of the scale of the industry. The Company competes with numerous companies for capital, prospective mineral properties, qualified service providers, labour, equipment, and supplies.

In the current environment, the Company continues to experience competition for skilled labour, in particular those skills that will be required to advance and build the Goldboro Project. The Company has been able to mitigate this risk with competitive compensation programs with robust short-term and long-term components and a meaningful benefits program. The Company has also been able to attract strong talent as a result of the quality of the Goldboro Project and its location within Canada.

## **Cycles**

The mining industry is subject to mineral price cycles. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles.

## **Environmental Protection**

The Company's development, and exploration activities are subject to laws and regulations governing environmental protection, employee health and safety, waste disposal, environmental remediation and reclamation of mine and exploration sites, mine safety, hazardous goods regulations, and other matters. Compliance with applicable laws and regulations requires forethought and diligence in the conduct of the Company's activities.

Currently, the Company has posted performance bonds (through an insurance underwriter) with the respective agencies of the jurisdictions in which it operates, as financial assurance for its future asset reclamation obligations for the Point Rousse Project and the Goldboro Project. These financial assurances given are based on the cost estimates outlined in the most recent mine closure plans accepted by the appropriate agencies in the jurisdictions in which the Company operates.

## **Employees' Specialized Skill and Knowledge**

The Company's business requires specialized skills and knowledge, including with respect to geological interpretation, engineering, construction, mechanical installation and repair, gold mining, processing, mine planning, regulatory compliance, accounting and financial reporting, and capital markets expertise. The Company has found that it can locate and retain employees and contractors with such skills and knowledge to enable the Company to achieve its business goals.

At the end of the fiscal year ended December 31, 2022, the Company had approximately 75 direct employees, and 90 full-time equivalents including contractors. This number is expected to decrease significantly in the first half of 2023 with the transition of the Point Rousse Project to care and maintenance.

# **GENERAL DEVELOPMENT OF THE BUSINESS**

## **Three-Year History**

The general development of the Company for the last three fiscal years and since the end of 2022 is described below.

## **Recent Developments**

On March 2, 2023, the Company announced the appointment of Ian Pritchard to the Board of Directors. Mr. Pritchard brings over 30 years of experience in project and operations management in the mining industry both in North America as well as internationally. His experience includes the management of pre-feasibility and feasibility studies,

engineering, procurement and construction management projects. The Company also announced the concurrent resignation of Rick Howes from the Board to pursue his new role as President and CEO of Reunion Gold Inc.

On February 27, 2023, the Company announced it received the initial drawdown of US\$16.0 million ("Tranche 1") of a previously announced US\$21.0 million credit facility with Nebari Gold Fund I LP, Nebari Natural Resources Credit Fund I LP, and Nebari Natural Resources Credit Fund II LP (each as Lender and collectively, "Nebari") (the "Credit Facility"). As part of the credit agreement, the Company granted 15,413,508 share purchase warrants for the initial draw under the facility, with each warrant exercisable to purchase a common share of the Company at a strike price of C\$0.44 per share.

On February 16, 2023, the Company entered into a credit agreement with Nebari, for a credit facility of up to US\$21.0 million. The Credit Facility provides for an initial draw of US\$16.0 million and a second tranche of US\$5.0 million, at the election of the Company, subject to satisfaction of certain conditions precedent.

On January 31, 2023, the Company announced that mining was completed at the Argyle Mine at the Point Rouse Project and that all ore from Argyle has been hauled to the Pine Cove Mill. The remaining ore stockpiles are expected to be processed by early March and the site had commenced certain progressive rehabilitation activities, while the Company review strategic alternatives to maximize the value of its Newfoundland assets.

### **For the Year ended December 31, 2022**

On December 20, 2022, the Company filed the updated technical report prepared in accordance with NI 43-101 regarding the updated Mineral Resource Estimate for the Stog'er Tight Deposit at the Point Rouse Project (The technical report was filed on a voluntary basis as contemplated under section 4.2(12) of the Companion Policy to NI 43-101, as the Point Rouse Project is no longer a material property of the Company).

On November 28, 2022, the Company acquired a 100% interest in six (6) exploration licenses adjacent to the Goldboro Mineral Resource at the Goldboro Project, increasing the Company's exploration license area to 4,047.5 hectares.

On October 25, 2022, the Company announced that, as a result of the Company's primary focus on the development of the Goldboro Project, it would be winding down current operations at Point Rouse upon the completion of mining at the Argyle Mine, following which Point Rouse would be placed under a care and maintenance program. The Company also announced a Mineral Reserve Estimate for the Stog'er Tight Deposit, prepared in accordance with NI 43-101, with an effective date of September 30, 2022.

On September 12, 2022, the Company engaged Auramet International, LLC ("Auramet") as Financial Advisor in conjunction with project financing for the Goldboro Project. Auramet will work closely with the Company to undertake a robust solicitation process for project financing and advise on the structuring, negotiating, and closing of a comprehensive financing package to advance Goldboro towards production.

On August 2, 2022, the Company was advised by the Nova Scotia Minister of Environment and Climate Change that the Goldboro Project was approved, in accordance with Section 40 of the Nova Scotia Environment Act, S.N.S., 1994-95 and subsection 13(1)(b) of the Environmental Assessment Regulations, N.S. Reg. 348/2008, made under the Act, subject to the terms and conditions outlined in the Environmental Assessment Approval.

On June 10, 2022, the Company registered the Environmental Assessment ("EA") for the Goldboro Project with the Government of Nova Scotia, commencing a 50-day EA review period.

On June 10, 2022, the Company announced the closing of a non-brokered private placement, initially announced on May 18, 2022, and later upsized on June 2, 2022. Pursuant to the offering, the Company issued 3,652,375 flow-through units of the Company at a price of \$0.56 per flow-through unit, and 8,070,298 units of the Company at a price of \$0.49 per Unit. Each flow through unit consisted of one common share issued as a "flow-through share" as defined in subsection 66 (15) of the Income Tax Act (Canada) and one-half of one common share purchase warrant issued on a non-flow-through basis. Each Unit consisted of one common share and one-half of one Warrant. Each Warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.74 until June 9, 2025.

On May 5, 2022, the Company executed a promissory note with Auramet International LLC in connection with a senior secured loan whereby Auramet provided the Company with a US\$8 million loan facility. The net proceeds were used for the repayment of an existing gold prepayment facility with Auramet and for general working capital purposes.

On May 12, 2022, the Company changed its name to Signal Gold (from Anaconda Mining Inc.), immediately following the approval of the related resolution by shareholders at the annual and special meeting. The name change

was initially announced by the Company on March 28, 2022, to better reflect the near-term growth potential of the Company, its history and commodity focus, and its progress in the top-tier mining jurisdiction of Atlantic Canada.

On March 3, 2022, the Company released the results of an independent socio-economic impact assessment of the Goldboro Project in Nova Scotia, which was prepared to demonstrate the potential social and economic impacts of the Goldboro Project throughout an approximately 15 years of construction, operations and eventual reclamation, based on the Feasibility Study.

On January 20, 2022, the Company filed the updated technical report prepared in accordance with NI 43-101 regarding the Phase I Open Pit Feasibility Study ("Feasibility Study") for its 100%-owned Goldboro Gold Project in Nova Scotia, Canada, entitled "NI 43-101 Technical Report and Feasibility Study for the Goldboro Gold Project, Eastern Goldfields District, Nova Scotia".

On January 11, 2022, the Company announced that it had signed a Community Benefits Agreement with the Municipality of the District of Guysborough to support sustainable social and economic benefits within the Municipality with respect to the Company's Goldboro Gold Project. The Municipality, home to the Project, is located on the Eastern Shore of Nova Scotia and has a strong history of significant natural resource development, including mining, natural gas, and wind energy.

### **For the Year ended December 31, 2021**

On December 16, 2021, the Company announced the results of the positive Phase I open Pit Feasibility Study for the Goldboro Project in Nova Scotia, Canada. This announcement also included an updated and expanded Mineral Resource Estimate, effective November 15, 2021, and a maiden open Pit Probable Mineral Reserves of 1,150,200 ounces of gold (15.8 Mt at 2.26 g/t gold), effective December 15, 2021. The results of the FS for the Goldboro Gold Project demonstrate strong economics with a mine life of approximately 11 years and average annual gold production of 100,000 ounces, with strong opportunity for further value creation through exploration.

On December 9, 2021, the Company announced the appointment of Rick Howes to the Board of Directors. Mr. Howes brings almost 40 years of mining experience, which includes progressive technical, operating, management and project roles in many of the largest underground mines and mining companies throughout Canada and internationally. The Company also announced the concurrent resignation of Dr. Michael Byron from the Board, however Dr. Byron will continue to provide critical geological insight as a member of the Company's Technical Advisory Committee.

On November 29, 2021, the Company filed the updated technical report prepared in accordance with NI 43-101 for Point Rouse Gold Project in Newfoundland. The technical report, entitled "2021 NI 43-101 Technical Report, Mineral Resources and Mineral Reserve Update on the Point Rouse Project, Baie Verte, Newfoundland and Labrador, Canada" has an effective date of September 1, 2021, included the updated Mineral Reserve and Resource Estimate for the Argyle Deposit and the updated Mineral Resource Estimate for the Stog'er Tight Deposit.

On November 16, 2021, the Company announced the appointment of P.E. ("Ted") Kavanagh to the Board of Directors. Mr. Kavanagh brings over forty years of significant exploration and mine finance experience, including the origination and execution of project finance transactions during his employment with a series of international banking institutions.

On October 19, 2021, the Company announced an updated Mineral Resource Estimate for the Stog'er Tight Deposit, part of the Point Rouse Project.

On October 13, 2021, the Company announced an updated Mineral Reserve and Resource Estimate for the Argyle Deposit prepared in accordance with NI 43-101, which demonstrated robust economics over an approximately 14-month life of mine.

On August 5, 2021, the Company filed the updated technical report prepared in accordance with NI 43-101 with respect to a preliminary economic assessment ("PEA") for its Goldboro Gold Project in Nova Scotia, Canada. The technical report, entitled "NI 43-101 Technical Report and Preliminary Economic Assessment for the Goldboro Gold Project, Eastern Goldfields District, Nova Scotia," has an effective date of June 23, 2021.

On July 20, 2021, the Company announced that it had obtained a \$3 million credit facility with the Royal Bank of Canada ("RBC"), further strengthening its financial liquidity.

On June 23, 2021, the Company announced the results of a PEA prepared in accordance with NI 43-101 for its Goldboro Gold Project in Nova Scotia. Based on the significantly expanded Mineral Resource Estimate with an effective date of February 7, 2021, the PEA demonstrated the potential for strong economics from both open pit and

underground mine operations over an estimated 17.6-year life of mine, with continued opportunity for growth as the Goldboro Deposit remains open in all directions.

On May 28, 2021, the Company announced the closing of a private placement under an agreement with Raymond James Ltd., initially announced on April 28, 2021 and later upsized on April 30, 2021. Pursuant to the offering, the Company issued 10,241,000 flow-through common shares in the capital of the Company for aggregate gross proceeds of \$8,500,030.

On April 28, 2021, the company announced that it had entered into an agreement with Raymond James Ltd. for a marketed offering of up to \$6.0 million by way of private placement of flow-through common shares in the capital of the Company at a price of \$0.83 per share. On April 30, 2021, the private placement was upsized to upsized by an additional \$2,500,000, up to a total of \$8,500,030.

On March 30, 2021, the Company filed the updated technical report prepared in accordance with NI 43-101 regarding the updated Mineral Resource Estimate for its Goldboro Gold Project in Nova Scotia, Canada, entitled “NI 43-101 Technical Report and Mineral Resource Estimate, Goldboro Gold Project, Eastern Goldfields District, Nova Scotia.”

On February 22, 2021, the Company announced an updated and significantly expanded Mineral Resource Estimate for its 100% owned Goldboro Gold Project in Nova Scotia, Canada. With an effective date of February 7, 2021, the updated Mineral Resource demonstrates the potential to meaningfully expand the scale of the Goldboro Gold Project, especially the surface mining potential from open pits.

On January 12, 2021, the Company announced that the holders of share purchase warrants expiring on January 10, 2021 had exercised their rights in full. As a result, the Company issued 7,837,544 common shares and received proceeds of \$3,526,895 based on the exercise price of \$0.45. In addition, the Company received proceeds of \$487,500 from the full exercise of share purchase warrants that expired on December 23, 2020, for which the Company issued 1,381,250 common shares.

On January 7, 2021, the Company announced it had expanded and further consolidated the Tilt Cove Gold Project, which included an additional 4,175 hectares of prospective mineral property, acquired via staking and an option agreement, that covers an additional 14 kilometres of favourable geology and structure in the region.

#### **Financial Year Ended December 31, 2020**

On September 21, 2020, the Company filed the updated technical report regarding the updated Mineral Resource Estimate for its 100%-owned Point Rousse Gold Project (as defined below under the Summary of Mineral Reserves and Mineral Resource Estimates), entitled “NI 43-101 Technical Report, Mineral Resource and Mineral Reserve Update on the Point Rousse Project, Baie Verte, Newfoundland and Labrador, Canada”. The updated Mineral Resource, announced on August 4, 2020, included an open-pit Mineral Reserve for the Argyle Deposit (“Argyle”), which went into production during the fourth quarter of 2020.

On July 31, 2020, the Company completed a non-brokered private placement for aggregate proceeds of \$5.5 million, consisting of up to 9,500,000 flow-through common shares of the Company at a price of \$0.58 per flow-through share. The proceeds of the financing are being used primarily for exploration and diamond drill programs at the Tilt Cove Project in Newfoundland and the Goldboro and Lower Seal Harbour Projects in Nova Scotia.

On July 30, 2020, the Company completed a share purchase agreement with Magna Terra Minerals Inc. (“Magna Terra”) whereby Magna Terra acquired all of the issued and outstanding common shares of the Company’s wholly-owned subsidiary, 2647102 Ontario Inc. (also known as “ExploreCo”), which held the Company’s interests in the Cape Spencer Project in New Brunswick and Great Northern Project in Newfoundland in exchange for approximately 27% of Magna Terra’s common shares.

On April 23, 2020, the Company announced that it had appointed Nordmin Engineering Inc. as the consultant for the Goldboro Gold Project to lead the FS, replacing the previous consultant WSP Canada Inc. In addition, in light of feedback from Nova Scotia Environment and Signal Gold personnel changes, a detailed review of all permitting activity to date was undertaken to identify further work required to support the filing of an Environmental Assessment Registration Document (“EARD”). As a result, it was determined that additional data collection and predictive work would be required. GHD Limited was appointed to lead the permitting activities for the Project and is overseeing the water monitoring program and other work to support the EARD and the subsequent Industrial Approval Application.

On April 9, 2020, the Company, through a subsidiary called Novamera Inc., completed a spin-out and \$2.0 million financing with a venture capital firm to further the advancement of its Narrow Vein Mining Project. As part of the

funding arrangement, the technology and related agreements were transferred to Novamera Inc., of which the Company retains a 34% undiluted interest and has no further direct financial obligations.

On March 31, 2020, the Company announced the appointment of Mary-Lynn Oke to the Board of Directors. Ms. Oke brings over 23 years of business experience built through a career which has included tax, finance, corporate, and senior leadership roles.

On February 6, 2020, the Company announced that Gordana Slepcev stepped down from the position of Chief Operating Officer. Given the advanced stages of the Goldboro Gold Project, the Company had no plans to fill the position at the time.

On January 16, 2020, the Company announced the results of an underground bulk sample program (the "Bulk Sample") undertaken at its 100%-owned Goldboro Gold Project. The objectives of the Bulk Sample were to confirm the geological interpretation of the deposit, test for spatial and grade continuity of the mineralized structures, validate key assumptions of the updated Mineral Resource model, and test certain types of mining methods. The Bulk Sample successfully tested a large area within the 2019 Mineral Resource Estimate with respect to continuity of gold grade and geological interpretation, confirming the position and continuity of mineralized zones. The average head grade of 3.81 g/t gold from the Pine Cove Mill showed a positive reconciliation of 8.5% to the mine grade of 3.51 g/t gold, demonstrating an upside bias within an acceptable range, while the high gravity recovery of 51% confirmed metallurgical test work.

## **RISK FACTORS**

The operations of the Company are subject to significant uncertainty due to the high-risk nature of exploring for, developing and operating gold mines. The following risk factors could materially affect the Company's financial condition and/or future operating results and could cause actual events to differ materially from those described in forward looking statements relating to the Company.

### **Fluctuations in the Market Price of Mineral Commodities**

The valuation and potential profitability of the Company's operations will be dependent upon the market price of gold, which can fluctuate widely and is affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, the world supply of mineral commodities, and the stability of exchange rates can all cause significant fluctuations in prices. A decline in the price of gold could cause production to be uneconomic, thereby having a material adverse effect on the Company's business, financial condition, and results of operations.

Furthermore, mineral reserve calculations and life-of-mine plans using significantly lower metal prices could result in material write-downs of the Company's investment in mining properties. Declining commodity prices may require a reassessment of the feasibility of a project, which even if determined to be economically viable, may cause substantial delays or may interrupt operations until the reassessment can be completed.

### **Requirement of Additional Financing**

The Company may not have a source of funds to continue development of its current or future projects, or to engage in additional exploration which may be necessary to grow and develop its assets. No assurance can be given that the Company will be successful in obtaining the required financing on acceptable terms, if at all, whether in the form of equity or debt. Failure to obtain sufficient financing may result in a delay or indefinite postponement of exploration, development, or production on any or all of the Company's properties, or even a loss of a property interest.

### **Market Price of Securities**

Securities markets have had a high level of price and volume volatility, and the market price of securities of many resource companies have experienced wide fluctuations in price that have not necessarily reflected mine performance, underlying asset value, or future prospects. Factors unrelated to the performance or prospects of the Company include macroeconomic events locally and globally and market perceptions of certain industries. Consequently, the market price of the Company's securities at any given point in time may not accurately reflect the Company's long-term value. In the past, following periods of volatility in market price of a company's securities, shareholders have instituted class action securities litigation against those companies. Such litigation, if initiated, could result in a substantial cost and diversion of management attention and resources, which could significantly harm the profitability and reputation of the Company.

## **Exploration Risks**

The exploration for mineral deposits involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. It is impossible to ensure that the exploration programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, including the characteristics of the deposit, such as size, grade, and proximity to infrastructure; metal prices, which can be volatile, and government regulations, including regulations relating to taxes, royalties, land tenure, land use, and environmental protection.

## **Licences and Permits**

The development and operation of a mine requires certain licenses and permits from various governmental authorities. Obtaining necessary permits and licenses can be a complex, time consuming process and the Company cannot be certain that it will be able to obtain necessary permits on acceptable terms, in a timely manner, or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could delay or restrict the Company from proceeding with the development of an exploration project or the development and operation of a mine. Any failure to comply with applicable laws and regulations or permits could result in interruption or closure of exploration, development, or mining operations, and/or fines, penalties, or other liabilities. The Company could also lose its mining concessions under the terms of its existing agreements.

## **Governmental Regulation of the Mining Industry**

The mineral exploration activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards, employment, and occupational health, mine safety, use of water, toxic substances and waste disposal, and environmental protection, among others. Although the Company believes that it operates in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Company, or more stringent implementation thereof, could have a material adverse effect on the business, financial condition, and results of operations of the Company.

The Company is also subject to regulation by the relevant tax authorities. Risk exists with respect to tax audits and potential changes in and interpretation of tax regulations by the responsible tax authorities. Possible areas of tax audit and interpretation may include the Company's judgements in respect of qualifying Canadian exploration expenses and the related tax deductions renounced to investors under flow-through common share financings.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations, including the Company, may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties.

## **Need for Additional Mineral Reserves**

Mines have limited lives based on Proven and Probable Mineral Reserves, consequently the Company must continually replace and expand its Mineral Reserves and Mineral Resources and discover, develop, or acquire Mineral Reserves for production. The life-of-mine estimates contained in this Annual Information Form may not prove correct. The Company's ability to maintain or increase its annual production of gold will be dependent in significant part on successful exploration and/or its ability to bring new mines into production and to expand Mineral Reserves at existing mines.

## **Climate Change**

Climate change is an international concern and as a result poses risk of both climate changes and government policy in which governments are introducing climate change legislation and treaties at all levels of government that could result in increased costs, and therefore, decreased profitability. Climate change regulations may become more onerous over time as governments implement policies to further reduce carbon emissions, including the implementation of



taxation regimes based on aggregate carbon emissions. Some of the costs associated with reducing emissions can be offset by increased energy efficiency and technological innovation. However, the cost of compliance with environmental regulation and changes in environmental regulation have the potential to result in increased cost of operations, reducing the profitability of the Company's operations or the potential economic value of its development projects.

In addition, our projects could be exposed to a number of physical risks from climate change, such as changes in rainfall rates, rising sea levels, reduced water availability, higher temperatures, increased snowpack and extreme weather events. While the Company has not experienced these events at this point, such events or conditions such as flooding or inadequate water supplies could disrupt mining and transport operations, mineral processing, and rehabilitation efforts, could create resource shortages and could damage our property or equipment and increase health and safety risks on site. Such events or conditions could have other adverse effects on our workforce and on the communities around our mines.

### **Indigenous Claims and Rights and Consultations**

Engagement and collaboration with Indigenous groups is a requirement of the Company in the environmental assessment, subsequent permitting, development, and operations stages of its projects. Certain Indigenous groups may oppose projects at any given stage and such opposition may adversely affect the advancement of the projects and/or the Company's share performance. Canadian law relating to aboriginal rights, including aboriginal title rights, is in a period of change. There is a risk that future changes to the law may adversely affect the Company's rights to its projects. Indigenous title claims as well as related consultation issues may impact the Company's ability to pursue exploration, development, and mining at its projects. Meaningful and continuous engagement with local indigenous groups is of paramount importance to the Company. However, there may be no assurance that title claims as well as related consultation issues will not arise on or with respect to the Company's properties.

With respect to Goldboro, the Company remains steadfast in its commitment toward the development of a Mutual Benefits Agreement with the Mi'kmaq of Nova Scotia. The Company recognizes the asserted Aboriginal & Treaty Rights and Title of Mi'kmaq of Nova Scotia and maintains ongoing engagement with Kwilmukw Maw-klusuaqn Negotiation Office ("KMKNO") and representatives of Paqtnkek Mi'kmaw Nation. In 2019, the Company and the Assembly of Nova Scotia Mi'kmaw Chiefs signed a Memorandum of Understanding that outlines a process that the parties may use to develop a Mutual Benefits Agreement that reflects a desire to build a mutually beneficial relationship with respect to the Project. This process is ongoing, and the Company maintains its commitment to work collaboratively with Mi'kmaq of Nova Scotia regarding environmental and cultural priorities, as well as social and economic opportunities throughout the life of the Project.

### **Health, Safety and Environmental Risks and Hazards**

Mining, like many other natural resource extractive industries, is subject to potential risks and liabilities due to accidents that could result in serious injury or death and/or material damage to the environment and the Company's assets. The impact of such accidents could affect the profitability of the operations, cause an interruption to operations, lead to a loss of licenses, affect the reputation of the Company and its ability to obtain further licenses, damage community relations and reduced the perceived appeal of the Company as an employer.

All phases of the Company's projects are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that existing or future environmental regulation will not materially adversely affect the Company's business, financial condition, and results of operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present, and which have been caused by previous or existing owners or operators of the properties.

### **Reclamation Estimates and Obligations**

It can be difficult to determine the exact cost amounts which will be required to complete all land reclamation activities on the Company's properties. Reclamation bonds and other forms of financial assurance may not reflect the total amount of money that will be spent on reclamation activities over the life of a mine. Accordingly, it may be necessary to revise planned expenditures and operating plans to fund reclamation activities. Such costs may have a material adverse impact upon the financial condition and results of operations of the Company.

### **Increase in Production Costs**

Changes in the Company's current or expected production costs could have a major impact on its profitability, many of which would be beyond the Company's control. Its main production expenses are contractor costs, materials, personnel costs, and energy. Changes in costs of the Company's mining and processing operations could occur because of unforeseen events, including international and local economic and political events, a change in underlying commodity prices (including oil, steel, and diesel), and scarcity of labour, and could impact profitability and/or mineral reserve estimates.

The Company relies on third-party suppliers for several raw materials. Any material increase in the cost of raw materials, or the inability by the Company to source third-party suppliers for the supply of its raw materials, could have a material adverse effect on the Company's results of operations or financial condition.

### **Uncertainty in the Estimation of Mineral Reserves and Mineral Resources**

Mineral Resources that are not Mineral Reserves do not have economic viability. The figures for Mineral Reserves and Mineral Resources contained in the Company's NI 43-101 compliant technical reports are estimates only, and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized, or that Mineral Reserves could be mined or processed profitably. Actual Mineral Reserves may not conform to geological, metallurgical, or other expectations, and the volume and grade of ore recovered may be below the estimated levels. There are numerous uncertainties inherent in estimating Mineral Reserves and Mineral Resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any Mineral Reserve or Mineral Resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Short-term operating factors relating to the Mineral Reserves, such as the need for orderly development of the ore bodies or the processing of new or different ore grades, may cause the mining operation to be unprofitable in any particular accounting period. In addition, there can be no assurance that gold recoveries in small-scale laboratory tests will be duplicated in larger-scale tests under on-site conditions or during production. Lower market prices, increased production costs, reduced recovery rates and other factors may result in a revision of its Mineral Reserve estimates from time to time or may render the Company's Mineral Reserves uneconomic to exploit. Mineral Reserve estimates are not indicative of future results of operations. If the Company's actual Mineral Reserves and Resources are less than current estimates, or if the Company fails to develop its Mineral Resource base through the realization of identified mineralized potential, its results of operations or financial condition may be materially and adversely affected. Evaluation of Mineral Reserves and Resources occurs from time to time and they may change depending on further geological interpretation, drilling results and metal prices. The category of Inferred Mineral Resource is often the least reliable mineral resource category and is subject to the most variability. The Company regularly evaluates its Mineral Resource Estimates, incorporating new information from exploration drilling and other confirmatory activities.

### **Production Estimates**

The Company may provide estimates of gold production for its existing and future mines, however there is a risk such production targets are not achieved, which could have an adverse impact on the Company's future cash flows and financial condition. Production estimates are dependent on, among other things, the accuracy of mineral reserve and resource estimates, the accuracy of assumptions regarding ore grades and recovery rates, the presence or absence of particular metallurgical characteristics, and the accuracy of the estimated rates and costs of mining, ore haulage and processing. Actual production may vary from estimates for a variety of reasons, including the actual ore mined varying from estimates of grade or tonnage; dilution and metallurgical and other characteristics (whether based on representative samples of ore or not); short-term operating factors such as the need for sequential development of ore bodies and the processing of new or adjacent ore grades from those planned; mine failures or slope failures; industrial accidents; natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions; changes in power costs and potential power shortages; shortages of principal supplies needed for mining operations, including explosives, fuels, chemical reagents, water, equipment parts and lubricants; plant and equipment failure; the inability to process certain types of ores; labour shortages or strikes; and restrictions or regulations imposed by government agencies or other changes in the regulatory environment. Such occurrences could also result in damage to mineral properties or mines, interruptions in production, injury or death to persons, damage to property of the Company or others, monetary losses, and legal liabilities in addition to adversely affecting mineral production. These factors may cause a mineral deposit that has been mined profitably in the past to become unprofitable, forcing the Company to cease production.

## **Capital and Operating Cost Estimates**

Capital and operating cost estimates made in respect of the Company's mines and development projects may not prove accurate. Capital and operating cost estimates are based on the interpretation of geological data, feasibility studies, anticipated climatic conditions, market conditions for required products and services, and other factors and assumptions regarding foreign exchange currency rates. Any of the following events could affect the ultimate accuracy of such estimate: unanticipated changes in grade and tonnage of ore to be mined and processed; incorrect data on which engineering assumptions are made; delay in construction schedules, unanticipated transportation costs; the accuracy of major equipment and construction cost estimates; labour negotiations; changes in government regulation (including regulations regarding prices, cost of consumables, royalties, duties, taxes, permitting and restrictions on production quotas on exportation of minerals); and title claims.

## **Uninsured Risks**

The Company may not carry insurance to protect against certain risks, including environmental pollution, earthquake damage, mine flooding or other hazards against which the Company, and in general, mining exploration corporations, cannot insure or against which the Company may elect not to insure because of high premium costs or other reasons. Failure to have insurance coverage for any one or more of such risks or hazards could have a material adverse effect on the Company's business, financial condition, and results of operations.

## **Competition**

The mining industry is intensely competitive and the Company competes with many companies possessing greater financial and technical resources. Competition in the precious metals mining industry is primarily for: mineral-rich properties which can be developed and produced economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties, and the capital required to such properties. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees, or to obtain the capital necessary to fund its operations and develop its properties. An inability to obtain the capital necessary to fund its operations and develop its properties may cause the Company to not satisfy the requirements under the option agreements pursuant to which it holds its interest in the properties.

## **Instability of Political and Economic Environments**

The mining interests of the Company may be affected in varying degrees by political or economic stability. Associated risks include, but are not limited to terrorism, change of governments and related changes in government policies, extreme fluctuations in currency exchange rates and high rates of inflation. Any change in regulations or shifts in political attitudes are beyond the control of the Company and may materially adversely affect its business, financial condition, and results of operations. Operations may also be affected in varying degrees by such factors as government regulations (or changes thereto) with respect to the restrictions on production, export controls, income taxes, expropriation of property, repatriation of profits, land use, environmental legislation, water use, land claims of local people, and mine safety. The effect of these factors cannot be accurately predicted.

## **Risk of Dilution**

Under applicable Canadian law, shareholder approval is not required for the Company to issue common shares in certain circumstances. Moreover, the Company has commitments that could require the issuance of a number of additional common shares, in particular options to acquire common shares under the stock option and share unit plans of the Company. The future business of the Company will require substantial additional financing which will likely involve the issuance of equity capital. The Company may also issue additional options, warrants and other financial instruments, which may include debt. Future issuances of equity capital may have a substantial dilutive effect on existing shareholders. The Company is not able at this time to predict the future amount of such issuances or dilution.

## **Litigation**

Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Although the Company is not currently subject to litigation and claims, it may be involved in disputes with other parties in the future which may result in litigation or other proceedings. The results of litigation or any other proceedings cannot be predicted with certainty. Management is committed to conducting business in an ethical and responsible manner, which it believes will reduce the risk of conflict and legal disputes with third parties. However, if the Company is unable to resolve future legal disputes favourably, it could have material adverse effects on its business, financial condition, and results of operations.

## **Obligations as a Public Company**

The Company's business is subject to evolving corporate governance and public disclosure regulations that may from time to time increase both the Company's compliance costs and the risk of non-compliance, which could adversely impact the price of the Company's common shares. These rules and regulations, promulgated by governmental and self-regulated organizations, including, but not limited to, the Canadian Securities Administrators, the TSX, and the International Accounting Standards Board, continue to evolve in scope and complexity. The Company's efforts to comply with such legislation could result in increased general and administration expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

## **Title Matters**

The title and area of mineral or exploration concessions and/or licenses may be disputed by other parties. Although the Company believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impaired. Third parties may have valid claims underlying portions of the Company's interests.

## **Surface Rights**

The Company does not own or control all of the surface rights at its properties and there is no assurance that surface rights owned by the government or other private individuals will be granted, nor that they will be on reasonable terms if granted. Failure to acquire surface rights may impact the Company's ability to access its properties, as well as its ability to commence and/or complete construction or production, any of which would have a material adverse effect on the profitability of the Company's future operations.

## **Conflict of Interest**

Certain directors and officers of the Company also serve as directors, officers and/or advisors of and to other companies involved in natural resource exploration and development. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. The Company expects that any decision made by any of such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders, but there can be no assurance in this regard. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest or which are governed by the procedures set forth in the OBCA and any other applicable law.

## **Community Relations**

The Company's relationships with stakeholders are critical to ensure the future success of its existing operations and the construction and development of its projects. Mineral resource companies face increasing public scrutiny of their activities and are under pressure to demonstrate that their operations have potential to generate satisfactory returns not only to their shareholders, but also to benefit local governments and the communities surrounding its properties where it operates. NGOs and civil society groups, some of which oppose resource development, are often vocal critics of the mining industry and its practices, including the use of hazardous substances and the handling, transportation, and storage of various waste, including hazardous waste. The potential consequences of these pressures include reputational damages, lawsuits, increasing social investment obligations and pressure to increase taxes and future royalties payable to local governments and surrounding communities. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, obtain permits and licenses and/or continue its operations. As a result of these considerations, the Company may incur increased costs and delays in permitting and other operational matters with respect to its property interests.

## **Cybersecurity Threats**

The Company relies on secure and adequate operations of information technology systems in the conduct of its operations. Access to and security of the information technology systems are critical to the Company's operations and development projects. To the Company's knowledge, it has not experienced any material losses relating to disruptions to its information technology systems. The Company has implemented ongoing policies, controls, and practices to manage and safeguard the Company and its stakeholders from internal and external cybersecurity threats and to comply with changing legal requirements and industry practice. Given that cyber risks cannot be fully mitigated and the evolving nature of these threats, the Company may not have the resources or technical sophistication to anticipate, prevent, or recover from cyber-attacks and cannot assure that its information technology systems are fully protected

from cybercrime or that the systems will not be inadvertently compromised, or without failures or defects. Disruptions to information technology systems, including, without limitation, security breaches, power loss, theft, computer viruses, cyber-attacks, natural disasters, and non-compliance by third-party service providers and inadequate levels of cybersecurity expertise and safeguards of third-party information technology service providers, may adversely affect the operations of the Company as well as present significant costs and risks including, without limitation, loss or disclosure of confidential, proprietary, personal or sensitive information and third-party data, material adverse effect on its financial performance, compliance with its contractual obligations, compliance with applicable laws, damaged reputation, remediation costs, potential litigation, regulatory enforcement proceedings and heightened regulatory scrutiny.

## **MATERIAL PROPERTIES**

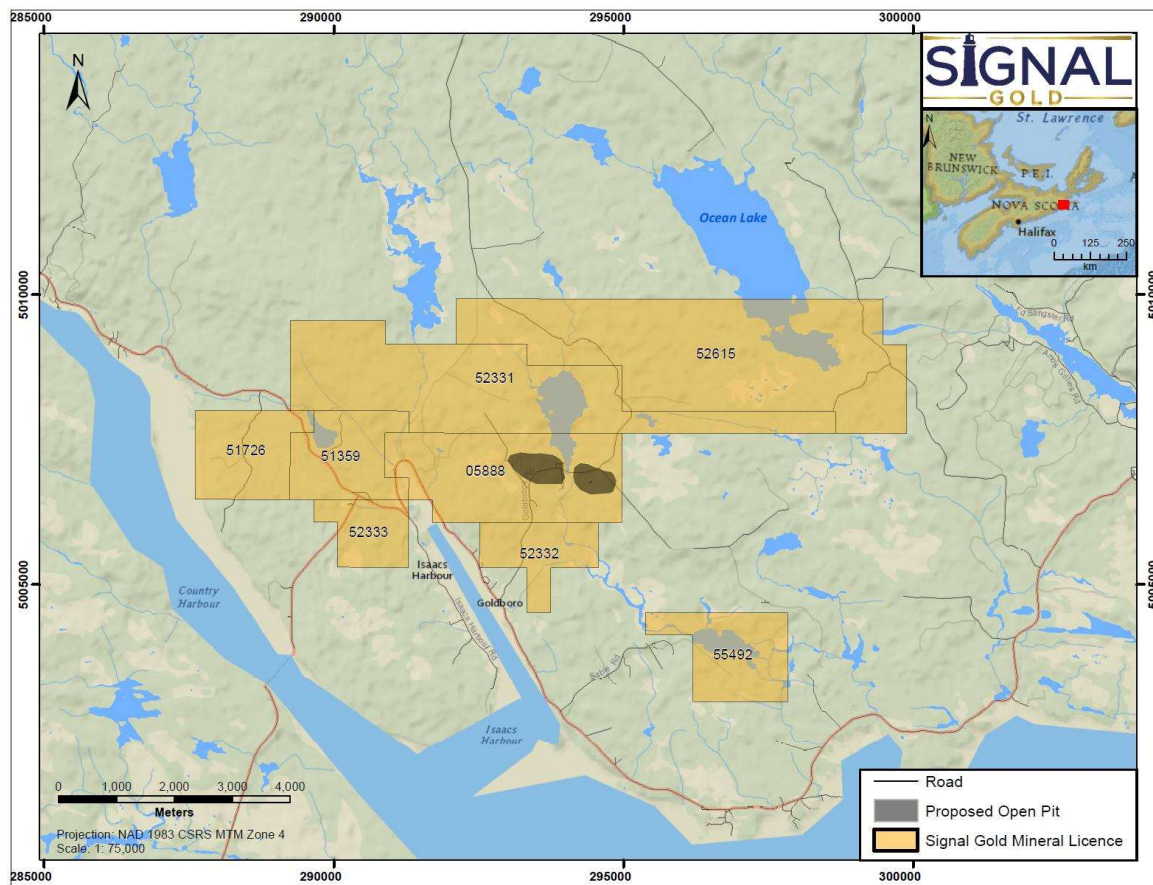
As at the date of this AIF, Signal Gold's material property is the Goldboro Project in Nova Scotia (the Point Rousse Project is no longer a material property of the Company with the announcement to wind down operations).

The following summary of the Goldboro Project is based in part on the filed technical report for the property. The current technical report for the Goldboro Project is the Goldboro Technical Report entitled "NI 43-101 Technical Report and Feasibility Study for the Goldboro Gold Project, Eastern Goldfields District, Nova Scotia" with an effective date of December 16, 2021 (in this section, "Goldboro" or the "Project"). All summaries and references to the Goldboro Technical Report are qualified in their entirety by reference to the complete text of the Goldboro Technical Report, which is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Except as where stated otherwise, the information below is stated as of the effective date of the Goldboro Technical Report.

### ***Property Description and Location and Access***

The Goldboro Property (the "Property") is situated on the eastern shore of Nova Scotia, Canada. The Property's central point is approximately located at 45° 12' 2.6" N latitude and 61° 39' 2.0" W longitude. On November 28, 2022, the Company completed the acquisition of a 100% interest in six contiguous exploration licenses adjacent to the Goldboro Mineral Resource, found on the original exploration license, as well as the mineral license at Lower Seal Harbour. This acquisition has increased Signal Golds exploration license area to 4,047.5 hectares. The Property is registered to the Company's subsidiary Goldboro Gold Mines Inc. (previously Orex Exploration Inc.). The title for the original exploration license containing the Goldboro Mineral Resource is in its 44th year of issue and is renewed every two years, with the next renewal date on November 29, 2023, while the other seven licenses range in age from 5 to 7 years with various renewal dates in 2023.

The Property is located approximately 175 km northeast of the city of Halifax, 60 km southeast of the town of Antigonish, and 1.6 km north of the village of Goldboro, on the eastern shore of Isaac's Harbour, in Guysborough County, Nova Scotia, Canada. The elevation is nominally 70 m above sea level.



Exploration License	Number of Claims	Hectares	Date of Issuance	Renewal Date
05888	37	599.03	29-Nov-1979	29-Nov-2023
55492	18	291.42	3-Sep-2015	3-Sep-2023
51359	17	275.23	6-Jan-2017	6-Jan-2023
51726	17	275.23	3-Aug-2017	3-Aug-2023
52331	60	971.4	25-Jun-2018	25-Jun-2023
52332	12	194.28	25-Jun-2018	25-Jun-2023
52333	10	161.9	25-Jun-2018	25-Jun-2023
52615	79	1279.01	17-Aug-2018	17-Aug-2023

All-weather highway, Route 316 links the village of Goldboro to the town of Antigonish. A secondary gravel road named Goldbrook Road, accessible from Route 316, crosses the Property, and passes near the historical Boston Richardson shaft and exploration decline. Smaller logging roads and trails provide good access to most areas of the Property.

To date, the Company has arranged access to the Property for the purpose of exploration through agreements with both private and Crown entities. Much of the Property, including all the historical workings from Boston Richardson and East Goldbrook, is underlain by Crown Land. Similarly, access to private lands, and securing agreements with landowners has been generally manageable.

The acquisition of six additional licenses on November 28, 2022, represents a significant milestone in the development of the Goldboro Project as these exploration licenses cover the surface area which will be required for much of the Goldboro Project's key infrastructure. It also adds further exploration opportunity along strike of the Goldboro Mineral Resource, as the additional licenses include the strike continuity of the host structure of the Goldboro Deposit, bringing the total known and prospective strike length to 7.5 kilometres.



At the date of this AIF the Company held access agreements that specifically apply to surface core drilling. The Company has the necessary Crown Land permits for additional drilling and trenching or expects to receive them through normal exploration permitting process.

### ***History***

Gold mineralization on the Property was first discovered in 1862 by Howard Richardson of the Geological Survey of Canada in quartz veins within the Isaac's Harbour anticline. The gold bearing BR Belt (slate and quartz) was subsequently discovered by Howard Richardson in 1892. The Richardson Gold Mining Company (Richardson Gold Mining) began production from the belt in 1893 at an average reported grade of 13.03 g/t gold milled. Milling recoveries were reported to be in the 50% to 60% range.

From 1901 to 1905, three gold bearing belts were intersected in the Dolliver Mountain mine, located 2 km west of the Boston Richardson Mine. In 1904, 7,195 tonnes were milled at a grade of 0.87 g/t to produce 205 ounces (oz) of gold. In 1905, several bodies of quartz and slate were intersected by a 152 metres (m) deep drill hole at the bottom of the main shaft along the anticlinal axis, but results were unsatisfactory, and mining at Dolliver Mountain mine ceased.

From 1909 to 1910, the WG exploration shaft intersected five gold bearing belts. Three of these were mill tested, but the milling results were considered unsatisfactory, and the mine was abandoned.

The total gold recovery from 1893 to 1910 for the Property has been estimated to be 376,303 tonnes at an average recovered gold grade of 4.11 g/t to produce 54,871 oz. However, mill recovery is reported to be approximately 67%. Operations at the mine continued on a small scale in 1911 and 1912.

In 1981, Patino Mines (Québec) Ltd. completed a geophysical program covering the Upper Seal Harbour district. In 1984, Onitap Resources Inc. (Onitap) acquired 37 claims overlying the Property. Between 1984 and 1988, Onitap conducted diamond drilling programs, airborne Very Low Frequency Electromagnetic (VLF-EM) surveys, and surface Induced Polarization (IP) surveys. During this period, several new mineralized belts were discovered.

Orex Exploration Inc. (also known as Exploration Orex Inc.) (Orex) acquired the Property from Onitap in 1988. Excepting a period of inactivity from 1996 to 2004, Orex pursued both surface and underground exploration programs, including large amounts of core drilling, metallurgical testing programs, resource estimation programs, and economic assessments of the Property.

Osisko Mining Corporation (Osisko), under the terms of an agreement with Orex, carried out an extensive core drilling assessment of the Property during the 2010 to 2012 period.

In March of 2017, the Company acquired control of the Property under the terms of a court approved Plan of Arrangement whereby Orex became a wholly-owned subsidiary of the Company. Work programs carried out in all years between 2017 to 2021 by the Company primarily focused on expansion and infill drilling of the Goldboro Gold Deposit (the Deposit) as well as conducting an underground bulk sample (the Bulk Sample) in 2018.

### ***Geological Setting and Mineralization and Deposit Types***

The Goldboro Deposit is located within the Appalachian Orogen and is underlain by the rocks of the Cambrian to Ordovician aged Meguma Supergroup. These include sedimentary rocks of the Goldenville Formation and overlying, younger Halifax Formation. A minimum 1.5 km thick stratigraphic section of the Goldenville Formation is centred on the Deposit and in the form of a regional upright anticline, with Halifax Formation rocks located 1.6 km to the south.

The Deposit is comprised of three domains known as the West Goldbrook ("WG"), Boston Richardson ("BR"), and East Goldbrook ("EG") Gold Systems. The WG Gold System is separated from the BR Gold System by a north trending, near vertical fault with tens of metres of apparent offset. The EG Gold System is separated from the BR Gold System by a thick greywacke sequence or marker unit.

At the Deposit, the Goldenville Formation consists of alternating greywacke and argillite beds with an approximate true thickness of 950 m. The base of the stratigraphic sequence intersected in the BR Gold System consists of roughly 325 m of alternating greywacke and argillite, with varying proportions of both rock types, ranging in thickness from less than 1 m up to 10 m. This is overlain by the Marker Horizon, which consists of a 40 m to 50 m greywacke bed that is commonly intersected during drilling and in underground workings. The Marker Horizon appears to thin or is offset by the New Belt Fault on the northern limb of the anticline toward the west. Above the Marker Horizon is the EG Gold System, approximately 560 m thick, consisting of alternating greywackes, and argillites. Within the EG Gold System there is a second, thick, greywacke sequence varying in thickness from 20 m to 60 m. This may represent a new marker unit within the stratigraphy.

The structure of the Project Area is dominated by the Upper Seal Harbour Anticline. The anticline folds all levels of stratigraphy observed in core and underground to form an upright, tight anticline that plunges 20° eastward. The enveloping surface to bedding also dips moderately eastward at 20°. Younging is upward, orthogonal to the hinge, and limbs of the fold. An axial planar cleavage is well developed at all levels of stratigraphy but pervasive within the hinge of the fold. The intersection of the axial planar cleavage forms an intersection lineation commonly observed on bedding surfaces that plunge parallel to the fold axis. All bedding and first-generation structures are refolded by open reclined folds that modify the axial plane and limbs of the Upper Seal Harbour Anticline. The axial plane of second generation folds dips shallowly, and an axial planar cleavage is observed in both the drill core and within underground workings.

All earlier structures are deformed by late brittle faults. One generation of these faults, which includes the New Belt Fault, are steeply dipping, and occur both parallel, and cross-cutting regionally folded stratigraphy. These faults also disrupt the stratigraphy on the northern limb of the fold structure in the WG and BR Gold Systems, although kinematics, and displacement are not known. A second generation of faults strike northerly and are steeply dipping, these offset the axial trace of the anticline. The WG Fault forms the boundary between the WG and BR Gold Systems. Displacement along the WG Fault indicates roughly 50 m of normal, west side down movement, and approximately 30 m of right lateral movement.

Turbiditic rocks in the hinge zone of the Upper Seal Harbour Anticline have been variably altered with carbonate, sericite, sulphide, tourmaline, and chlorite assemblages that post-date growth of regional metamorphic mineral assemblages. The nature of alteration varies as a function of lithology and proximity to mineralization. Greywacke/sandstone units have varying amounts of biotite and muscovite that have likely detrital, metamorphic, and alteration origins. The greywacke and quartz-rich units generally exhibit weaker alteration than the finer argillite/mudstone units but when altered the greywacke/quartz-rich units exhibit bleaching that consists of both albite and sericite alteration. These units also exhibit irregular quartz alteration proximal to cleavage fractures in the rock; these zones also arsenopyrite in some instances.

In contrast, the siltstone/mudstone/argillite units exhibit the greatest changes in alteration mineralogy proximal to veins. Background siltstones are generally layered and laminated and are brown-green with minor biotite and chlorite, whereas proximal to well mineralized veins they exhibit black to black-green colouration and are pervasively altered to chlorite with biotite, sericite, albite, quartz, carbonate, and sulphide. Often these zones have chlorite-biotite, as well as carbonate spots, and they are cut by quartz veins. Further, they ubiquitously have arsenopyrite proximal to veins that host mineralization and in the various belts; arsenopyrite ranges from mm-scale up to several centimetres and locally contains pressure shadows with quartz  $\pm$  carbonate. The alteration extent within these argillites, however, is limited spatially (m-scale) due to individual beds having limited spatial extent. Despite their limited distribution the argillite beds are disproportionally veined compared to other rock types. The whole rock geochemistry of the argillites demonstrates gains in potassium oxide (K<sub>2</sub>O), iron oxide (Fe<sub>2</sub>O<sub>3</sub>), sodium oxide (Na<sub>2</sub>O), and aluminum oxide (Al<sub>2</sub>O<sub>3</sub>) proximal to mineralization and this decreases at distance from mineralization. Multi-element assays illustrate that locally these argillites are enriched in Au, arsenic (As), sulphur (S), lead (Pb), cadmium (Cd), iron (Fe), barium (Ba), potassium (K), sodium (Na), manganese (Mn), calcium (Ca), strontium (Sr), and phosphorus (P), particularly with increasing abundances of mineralization.

Gold and sulphide mineralization is associated with both wall rock and veins. Argillites contain diagenetic pyrite (locally framboidal), pyrrhotite, and arsenopyrite. There are several generations of veins with the majority of gold associated with vein generations later generations where gold occurs both in veins and wall rock, with the majority of coarse gold in veins associated with second generation arsenopyrite, galena, and to a lesser extent chalcopyrite and sphalerite. Microscopically, gold occurs as inclusions in arsenopyrite, often spatially proximal to galena inclusions. Gold also occurs as coarser grains or wires along grain edges and cracks in the arsenopyrite, indicative of potential coalescence and remobilization from grain interiors to grain margins.

Pyrrhotite is a commonly occurring sulphide phase in wall rock and typically is present as disseminated blebs, sometimes flattened in bands along foliation planes, or as irregular blebs at quartz vein contacts. Pyrrhotite also occurs in both wall rock and veins as a fracture coating phase and as very fine stringers. Chalcopyrite is almost exclusively confined to quartz veins and is present as fine-grained blebs concentrated along microfractures. Galena in small amounts is present in association with quartz vein hosted visible gold and within the wall rock. Sphalerite is rarely observed, but where present occurs as mm-scale fractures within quartz veins.

The gold mineralization observed in both core and microscopically is reflected in the multi-element geochemistry in the Deposit. Preliminary evaluations of the assay database illustrate that there are strong Au-As-S-Pb-Cd associations



reflective of the mineralogy. There are also local enrichments in zinc (Zn), copper (Cu), Fe, nickel (Ni), and cobalt (Co) reflective of the presence of sphalerite, chalcopyrite, pyrite and pyrrhotite.

The turbidite-hosted gold deposits of Nova Scotia have been compared to similar-age turbidite-hosted quartz vein deposits elsewhere in the world, particularly those in the Bendigo and Ballarat areas of the Lower Paleozoic Lachlan Fold Belt in the state of Victoria, Australia, and have historically been similarly classified. Robert et al. (1997) recognized this deposit class and proposed that the gold deposits of Nova Scotia be identified as a member of the 'Turbidite-hosted, quartz-carbonate vein deposit (Bendigo Type)' category. Ryan and Ramsay (1996) also addressed the similarity of Nova Scotia turbidite-hosted gold deposits with those in Victoria. As noted by Gervais et al. (2009), categorization within the USGS classification system of mineral deposits presented by Berger (1986) places the Deposit in the broad 36a category of 'Low Sulphide Gold-Quartz Vein Deposits.'

The Deposit is a turbidite-hosted orogenic gold deposit hosted within a sequence of alternating argillites and greywacke metamorphosed to greenschist facies. These deposit types are typically characterized by the formation of gold bearing quartz veins within the argillite units, commonly referred to as mineralized belts (Belts), that are interbedded with greywacke units. There are currently 68 stacked mineralized belts ranging in thickness from 1 m to 20 m in the Deposit. The metasedimentary units on the Property are folded into the tight, gently east-plunging Upper Seal Harbour Anticline and gold mineralization has typically been deposited at various positions and times during the fold formation process. Veins, which form during deformation, occur in three major geometries commonly referred to as reefs: saddle reefs, leg reefs, and spur reefs. Saddle reefs occur about the apex of the fold and are the dominant vein types within some deposits. Leg reefs extend down the limbs of the fold, beyond the saddle reef, and are generally parallel with the metasedimentary layers. These are also commonly termed BP veins in the Nova Scotia goldfields. Spur reefs are veins that cross between layers and may be in the apex of the fold or on its limbs. This style of vein is in part captured under the term "angular" in the Nova Scotia goldfields.

The Deposit contains all three types of reefs outlined above but is also characterized by mineralization within the argillite forming the Belts. Because the Deposit contains saddle, leg, and spur reefs, and often has gold mineralization within the argillite hosting the veins, it has the potential to contain significantly more gold resources than deposits of a similar style that contain gold only within the quartz veins (reefs) themselves. The trace of the Upper Seal Harbour Anticline transects the Property and is found near the Dolliver Mountain prospect 2 km to the west of the Deposit, demonstrating that the structure which hosts gold continues for several kilometres.

### ***Exploration***

The Company acquired its interest in the Property early in 2017 under terms of a court approved Plan of Arrangement whereby Orex became a subsidiary of the Company. On this basis, work completed by Orex and others prior to the acquisition is considered historical in terms of current NI 43-101 technical reporting.

Work completed by the Company on the Property since its acquisition in 2017 includes the completion of 46,149.1 m of diamond drilling and three Mineral Resource Estimates. Additionally, the Company conducted an underground Bulk Sample from which a total of 13,028 tonnes of mineralized material was mined and stockpiled on surface with 10,023 wet metric tonnes ("wmt") (9,785 dry metric tonnes ["dmt"]) shipped to the mill at Point Rouse near Baie Verte, NL, for processing into gold doré bars which were subsequently refined into bullion. The Company has also completed two phases of detailed metallurgical studies on both high-grade and low-grade mineralization from the Deposit and found recoveries averaging 96.4% for open pit and underground mineralized material.

In 2020 the Company retained Nordmin to conduct an assessment of the Project. Through an interactive process with the Company, Nordmin undertook a full re-examination of the mineralogical, lithological, structural, and geochemical correlations influencing the higher-grade and lower-grade gold areas within the Project.

The re-examination resulted in an additional 27,596.5 m of diamond drilling in 2020 and 2021, for incorporation into the geological model and represents the geological characteristics of the Deposit as observed in drill core and the Bulk Sample. Furthermore, this program determined the importance of low-grade mineralization associated with and adjacent to high-grade mineralization.

The results of this analysis and modelling are the subject of the most recent Goldboro Technical Report, which includes a Mineral Resource Estimate with an effective date of November 15, 2021.

Since the effective date of the last Goldboro Mineral Resource (November 15, 2021), the Company has completed several drilling campaigns that include a total of 91 diamond drill holes and 15,491.4 m metres. These include drill programs that infill portions of the deposit as well as drilling west of the Goldboro Mineral Resource in an effort to expand the deposit. During the winter and spring of 2022, the Company completed an infill drill program, consisting

of 3,865 metres in 31 diamond drill holes at Goldboro with the aim of converting Inferred Mineral Resources within the East Goldbrook Pit into Indicated Mineral Resources.

An IP Survey was also undertaken at Goldboro in 2022, which comprised of 36-line kilometres of the IP Survey and include an orientation of the known Goldboro Deposit, which demonstrated a chargeability response coincident with the Goldboro Mineral Resource. Significantly, this chargeability response continues 400 metres to the west of the Goldboro Deposit to the western end of the IP Survey and down to depths of at least 250 metres, which may represent the along strike continuity of the Goldboro Deposit. Historical data suggests the structure which hosts the Goldboro Deposit potentially continues a minimum 2.0 kilometres west of the Goldboro Mineral Resource, which the Company will further test in the near-term as it consolidates land access in this area.

### ***Drilling***

Work completed by the Company on the Property since its acquisition in March of 2017 includes several years of drilling programs, the completion of several Mineral Resource updates and associated technical reports.

A total of 65,968 m of surface and underground diamond drilling was completed between 1984 and 2011. Orex was corporately involved in all programs from 1988 through 2011, and earlier programs were carried out by Onitap, Petromet Resources Ltd., and Greenstrike Gold Corp. In 2010, reverse circulation (RC) drilling equipment was used by Osisko to explore near surface gold mineralized structures on the Property by recovering basal till and bedrock samples for gold assaying and whole rock analysis. The program consisted of 64 RC drill holes completed in the EG, BR Ramp, and WG Areas. Assay results from the RC drill program were not used for the Mineral Resource Estimate.

The Company has completed a total of 55,803.0 m of diamond drilling on 299 drill holes since acquiring the Project in 2017. Drilling since 2017 has largely been focused on infill and expansion drilling designed to update and upgrade the Mineral Resource at the Project as well as collect samples for metallurgical testing.

In addition to the drilling and associated metallurgical programs, the Company retained Nordmin in 2020 to conduct extensive remodelling of the Deposit geology and to also model low-grade mineralization found within the altered wall rock adjacent to high-grade veins.

All drilling completed for the Company from 2017 to 2020 was provided by Logan Drilling, recovering NQ, or HQ size core using conventional wireline drilling equipment. Core logging, geological interpretations and mineralogical/geochemical studies, core sampling, downhole surveying, and collar location surveying was completed in the same manner for each program under the project supervision of Mr. Paul McNeill, P.Geo., Mr. Steve Barrett, P.Geo., Ms. Tanya Tettelaar, P.Geo., Ms. Alana Haysom, P.Geo. and Mr. David A. Copeland, P.Geo., all employees of the Company, and geological consultant Dr. Stephen Piercey, P.Geo. Downhole orientation surveys were conducted under supervision of site technical staff using a Reflex downhole instrument at nominal 30 m intervals. Drill collars were surveyed using a differential GPS by Company employees or contractors.

In 2017, the Company completed diamond drilling in 13 drill holes (BR-17-01 to BR-17-13) totalling 4,196.3 m. The first five drill holes of the program were designed to acquire samples for metallurgical testing, verify historical drilling, and test the potential extents of the Deposit at depth.

During 2018 the Company completed 61 drill holes (BR-18-17 to BR-18-71) totalling 18,277.3 m focused on infilling areas of Inferred resources and expanding the Deposit along strike and down plunge, and at depth along the host fold structure. Drilling focused on testing the down plunge, down dip, and along strike extension of the BR Gold System, EG Gold System, and WG Gold System. In addition, several holes tested the depth extent of the BR Gold System to depths of 525 m.

During 2019 the Company completed 33 drill holes (BR-19-72 to BR-19-104) totalling 5,733.8 m with the purpose of both infilling certain portions of the Deposit while expanding the Deposit eastward.

Infill drilling at the BR Gold System consisted of drilling select areas in order to upgrade from Inferred Mineral Resources to Measured and Indicated Mineral Resources. Infill and expansion drilling of the near surface mineralization potential of the EG Gold System in proximity to the optimized open pit shell as well as deeper exploration holes successfully intersected gold mineralization in all drill holes.

From June 2020 to September 15, 2021, the Company completed 192 drill holes (BR-20-105 to BR-20-295) on the Property totalling 27,595.7 m of drilling. The 2020 and 2021 programs focused on targeting under-drilled areas of the Deposit to upgrade Mineral Resources from the Inferred to Indicated and Measured Resource categories within the WG, BR and EG Gold Systems with a focus on testing near surface mineralization within conceptual open pits as part of the FS. Drilling also focused on testing areas with the conceptual open pit that had seen little historical drilling.

Since the effective date of the Goldboro Mineral Resource (November 15, 2021), the Company has completed several drilling campaigns that include a total of 91 diamond drill holes and 15,491.4 metres. A particular program of 3,865 metres in 31 diamond drill holes was undertaken to aide in the conversion of Inferred Mineral Resources within and adjacent to the East Goldbrook Pit into Indicated Mineral Resources. The existing constrained open pits outlined in the Phase 1 Open Pit Feasibility Study were designed using only Measured and Indicated Resources, however they captured 975,000 tonnes of Inferred Mineral Resources at a grade of 2.11 g/t gold mainly in the East Goldboro Pit. One program in particular consisted of 3,865 metres in 31 diamond drill holes to upgrade these specific resources. This represents an opportunity to positively impact Project economics by upgrading these Inferred Mineral Resources which are currently accounted for as waste tonnes.

Based on the initial results of 36-line kilometres of the IP Survey undertaken in 2022, a diamond drill program was initiated in the fourth quarter of 2022 to test the possible extension of the Deposit. In February 2023, the Company released diamond drill results from 2,870 metres in 15 drill holes, which included intersections of 20.59 g/t over 3.0 metres, 7.29 g/t over 2.5 metres and 9.46 g/t over 2.0 metres. The program successfully discovered continued gold mineralization up to 325 metres to the west of the existing Goldboro Deposit Mineral Resource, and mineralization remains open along strike to the west and at depth. Critically, the results demonstrated the same style of gold mineralization and host environment as the Goldboro Deposit. Eight (8) occurrences of visible gold were observed in 102 separate intersections of gold mineralization. Drilling also demonstrated that increased gold mineralization and alteration is coincident with the targeted Induced Polarization (“IP”) chargeability and Very Low Frequency (“VLF”) trends. This geophysical signature, along with the current geological interpretation, suggests that the structure which hosts the Goldboro Deposit potentially extends two (2) kilometres west of the current mineralization and is coincident with the past producing Dolliver Mountain gold mine.

#### ***Sample Preparation, Analyses and Security and Data Verification***

Drill holes from programs completed between 1984 and 2011 are included in the current Mineral Resource Estimate database. The sampling approaches in programs carried out prior to 2005 generally reflect sampling of visibly determined Belts, respective of major geological units, plus varying amounts of adjacent material. Exceptions to this, which include continuous core sampling and/or total core rather than half core sampling, pertain to certain historical metallurgical programs. Continuous mineralized zone sampling, respective of major lithologic units, pertains to 2005, and later programs.

Drill core samples from surface drilling programs carried out in 2005 (HQ core) and 2008 (NQ core) were generated by Orex during this period. Samples were sent to ALS facilities in either Val-d’Or, Québec (2005) or Timmins, Ontario (2008) (ALS is independent of the Company). Standard rock sample crushing and grinding procedures at ALS were followed by initial FA fusion-FA finish analysis of 50 g pulp splits.

If the initial result met or exceeded a 2.5 g/t gold threshold, analysis of a second coarse reject split was carried out using a gravimetric finish. Composite metallurgical samples were created from coarse reject materials selected by Orex consultants. These were submitted to SGS Lakefield (SGS is independent of the Company) for whole sample metallurgical testing. A quality assurance (QA) and quality control (QC) program that included analysis of Certified Reference Material (CRM), field duplicates, coarse reject duplicates, pulp split duplicates, and blank samples was carried out with respect to both the 2005 and 2008 programs, and results of these programs are presented in the report.

The 2010 to 2011 Osisko program was conducted and included drilling of NQ sized core that was logged, photographed, sampled, bagged, tagged, and sealed at the Goldboro site by qualified persons. Logging utilized Gemcom Gems™ Logger software, and project protocols included progressive, systematic, and secure off-site backup of digital drilling, logging, and sampling data. At ALS, each sample was crushed to 70% < 2 mm, split to 250 g using a riffle splitter, pulverized to 85% at < 0.075 mm, and made into a 50 g sample of the pulp. The 50 g pulp was fire assayed with atomic absorption spectrometry (AAS) finish (ALS codes Au-AA24 and Au-AA26). Samples exceeding the AAS threshold were re-assayed using a gravimetric finish (ALS code Au-GRA22). All samples containing visible gold were directly assigned for processing using the total metallic screen method with FA-AA or gravimetric finish.

A review of assessment reporting related to the various drilling programs carried out during the 1984 to 2005 period showed that, with the exception of a metallurgical and check sampling program carried out in 1995, no structured programs designed to systematically monitor QA/QC issues for drill core were in place. Orex drilling programs in 2005 and 2008 and Orex-Osisko programs in 2010 and 2011 were subject to rigorous QA/QC programs, with some procedural changes incorporated during the period.

During 2017 to the effective date of the current Mineral Resource Estimate, drill core samples were collected systematically down the hole based on the occurrence of visual alteration, mineralization, and quartz veining. Samples ranged in length from 0.3 m to 1.0 m depending on the nature and width of veining and mineralization samples, while trying to best honour geological contacts. Samples were collected of quarter-sawn drill core and shipped to Eastern Analytical (who is independent of the Company) for analysis via standard 30 g FA with AA finish. Samples were also analyzed at Eastern Analytical via total pulp metallics method (screen metallic) using the entire sample for samples assaying greater than 0.5 g/t gold, and select samples were submitted for 34-element ICP analysis.

Sample bags are sealed with zip ties to ensure sample integrity and securely shipped to an independent third party for analysis. Drill core is stored in racks at the core storage facility at the Project site. Security of site operations, core, samples, and core storage are addressed on an ongoing basis by site staff.

Core sample records, lithologic logs, laboratory reports and associated drill hole information for all drill programs completed in the 1984 to 2011 period were digitally compiled for use in Gemcom-Surpac Version 6.2.1® (Surpac™) deposit modelling software. Historical and current drilling program information was reviewed, and digital records of historical drilling were checked for both consistency and accuracy against original source documents available through Nova Scotia Department of Natural Resources (NSDNR) or received from Orex. All 2010 and 2011 drill hole coordination and orientation data inputs were checked, and validation of approximately 20% of the assay dataset for sample interval and assay value information against corresponding source documents was carried out.

From 2011 until current, all drill hole data was compiled into a validated Microsoft Access® database that Nordmin reviewed digitally using a combination of Datamine and Target software programs.

The QP completed a spot check verification on the Project of:

- Drill holes—62 (12%) of the lithologies, 1,042 (10%) of the geotechnical measurements, 3,843 (8%) of the assays.
- Chip samples—84 (6%) of the lithologies, 168 (12%) of the assays.

The geology was validated for lithological units from the Company's Geovia GEMS logger. The geological contacts and lithology are aligned with the core contacts and lithology and are acceptable for use.

### ***Metallurgical Testing***

The testwork relied upon for the FS includes a recent metallurgical program completed in 2021 as well as historical data previously published. The recent 2021 programs included additional comminution testing for Bond Ball Mill Work Index, as well as cyanide destruction, arsenic precipitation, tailings thickening and rheology.

In the 2021 metallurgical program, twenty-four samples, representing mineralization from the two open pits were selected from available NQ drill core to provide spatial representation to assess variability of the hardness as measured in the Bond ball mill work index. The Bond ball mill work index results are characterized as hard, with 75th percentile value of 15.5 kWh/t. The average of 15.0 kWh/t is slightly lower than the average from the 2020 program which was 15.2 kWh/t. The 75th percentile value from the 2020 program was 15.7 kWh/t, also slightly higher.

A Master Composite Sample, assembled from drill core from both open pits, was submitted for gravity concentration followed by cyanidation of gravity tailings testing in a stirred reactor. Samples were also used to measure leach kinetics at specified increments of 2, 6, 8, 24 and 36 hours, at which point the leach was terminated.

Gravity concentration recovered 64.3% of the contained Au with a mass recovery of 0.057%. Cyanidation of the gravity tailings recovered an additional 33.5% of the contained Au for an overall recovery of 97.8% Au. The calculated head grade from the sample was 5.05 g/t Au, which was higher than the planned grade of 1.65 g/t Au. The test was run with low cyanide concentrations which returned a sodium cyanide consumption of 0.19 kg/t. The test also validated the design leach retention time of 36 hours.

Cyanide destruction testing using the SO<sub>2</sub>/air method was completed to determine process design requirements to achieve a discharge weak acid cyanide concentration (CNWAD) of less than 0.5 mg/L and total cyanide (CNTOT) of 0.5 mg/L. The required conditions to achieve this target include 120 minutes of retention time using an addition ratio of 10 g SO<sub>2</sub>/g CNWAD. Arsenic precipitation of the cyanide destruction product with ferric sulphate reduced arsenic in solution to below 0.5 mg/L and is in line with industrial practice.

Solid/liquid separation testwork was performed on Master Composite detoxified final leach tailings to determine tailings thickener requirements. The program included both static and dynamic tests. The required underflow density

for tailings deposition is 60% solids (w/w). The conditions that meet this requirement and provide acceptable overflow clarity provide a settling rate of 0.7 t/m<sup>2</sup>/h with 50 g/t flocculant addition at pH 10.

The original objective of previous metallurgical work was to quantify the metallurgical response of mineralization from the Deposit as it related to an underground mining scenario. Recently, additional testwork was conducted to examine the response of mineralization from the Deposit that could be developed in an open pit scenario, including low-grade material not previously tested. This testwork was designed with the intent to develop the parameters for process design criteria for comminution, gravity concentration, leaching, carbon adsorption, cyanide destruction, and carbon elution, and gold refining in the process plant on low-grade material not previously tested.

The open pit program tested distinct grade bins ranging from 0.16 g/t gold to 4.46 g/t gold, with an average head grade of 1.04 g/t gold. The metallurgical testing demonstrated excellent recoveries within composites representative of potential mill feed for the Project with a range of recoveries between 89% to 98%, complementing the results of the Underground Program which demonstrated a range of recoveries from 87% to 99% on higher-grade areas of the Deposit (head grades ranged between 0.90 g/t gold and 23.0 g/t gold).

A summary of results from the open pit program includes:

- The optimum grind was found to be 80% passing 100 µm. This was the same finding from the Underground Program. Optimal leach time was found to be 36 hours.
- Combined overall gold extraction ranging from 86% to 99%, averaging 92%.
- Extended Gravity Recoverable Gold (E-GRG) of 76% gold on the single Blended Composite.
- Batch gravity recovery of gold (GRG) ranging from 3% to 84%, averaging 26%.
- Gold leach extractions ranging from 80% to 96%, averaging 89%, with a final residue values of 0.01 g/t to 0.45 g/t gold, averaging 0.06 g/t gold.
- The samples from the Higher-Grade Belts and Lower-Grade Domains showed similar recovery characteristics.
- Cyanide destruction using the SO<sub>2</sub>/air method testing with batch and continuous testing demonstrated that a CNWAD concentration below 3 mg/L could be achieved with 45 minutes of retention time using a conventional addition ratio of 5.0 g SO<sub>2</sub>/g CNWAD.
- Arsenic precipitation of the Cyanide Destruction product with ferric sulphate reduced arsenic in solution to below 0.5 mg/L and is in line with industrial practice at 8:1 iron to arsenic.
- Semi-Autogenous Grinding [SAG] Mill Comminution (SMC) Tests fell in the range of 28.1 to 32.9 A x b values considered to be hard to very hard (resistance to impact breakage).
- Bond Ball Mill Work Index (BWi) average of 15.2 kWh/t which spanned the medium to medium-hard range of hardness.
- The average Abrasion Index (Ai) value was 0.228 g, which is low to medium abrasion.

The metallurgical testwork completed for both underground and open pit mining scenarios was appropriate to the mineralization type and to establish the optimal flowsheet that includes open pit feed material. Tests were performed using samples that are typical of the mineralization styles found within the various mineralized zones.

Samples selected for testing were representative of the various types and styles of mineralization present within Deposit. Samples were selected from a range of depths within the Deposit. Sufficient samples were taken so that tests were performed on sufficient sample mass.

The metallurgical testwork used to establish the processing parameters indicated a strong positive correlation between the gold feed grade and total recovery. The total recovery improves as a function of increasing gold feed grade.

### ***Mineral Resource Estimate***

Nordmin, through an interactive process with the Company, undertook a full re-examination of the mineralogical, lithological, structural, and geochemical correlations influencing the higher-grade and lower-grade gold areas within the Project. The Deposit consists of three domains referred to as the BR, EG, and WG Gold Systems. The WG Gold System is separated from the BR Gold System by a north trending, near vertical fault with tens of metres of apparent offset. The EG Gold System is separated from the BR Gold System by a thick greywacke sequence or marker unit. Stratigraphic younging is from west to east with the anticlinal fold plunging shallowly to the east.

From a modelling perspective, each individual Gold System in the Deposit was separated into its own domain. Each domain was further sub-domained into Higher-Grade Belts and Lower-Grade Domains.

Detailed wireframing was completed based on plan-oriented sections to mirror likely mining patterns based on the geometry of the Deposit. Special attention was given to consistent smoothing of the wireframe linework to mimic the underlying geological controls on mineralization, including geological bedding, regularly dipping north, and south limbs of the large-scale anticlinal fold geometry and down the plunge of the anticline. Historical workings of three underground mines, which traced the outline of the fold geometry down the fold plunge and along anticlinal limbs coincident with gold mineralization were also used to orient wireframes. All wireframes are independent of each other without overlap across wireframes or across domains.

Explicit modelling was used to create the Mineral Resource, which allows for mineralization to better reflect the Deposit geology and associated geochemistry.

Multiple test scenarios were evaluated to determine the optimum processes and parameters to use to achieve the stated criteria. Each scenario was based on nearest neighbour (NN), inverse distance squared (ID2), inverse distance cubed (ID3), and ordinary kriging (OK) interpolation methods.

All test scenarios were evaluated based on global statistical comparisons, visual comparisons of composite samples versus block grades, and the assessment of overall smoothing. Based on results of the testing, it was determined that all scenarios including the draft and final resource estimation methodology would constrain the mineralization by using hard wireframe boundaries to control the spread of high-grade and low-grade mineralization. OK was selected as the most representative interpolation method as the most representative of all domains in the Project.

Block models were defined with parent blocks at 2.0 m x 2.0 m x 2.0 m (Northing x Easting x Elevation). All wireframe volumes were filled with blocks from the prototype. Block volumes were compared to the wireframe volumes to confirm there were no significant differences. Block volumes for all wireframes were found to be within reasonable tolerance limits. Sub-blocking was allowed to maintain the geological interpretation and to accommodate the Higher-Grade Belts and Lower-Grade Domains (wireframes), the specific gravity (SG), and the category application. Sub-blocking has been allowed to the following minimums:

2.0 m x 2.0 m x 2.0 m blocks are sub-blocked two-fold to 0.5 m x 0.5 m in the N-S and E-W directions with a variable elevation calculated based on the other sizes.

Block models were not rotated nor clipped to topography. Because dynamic anisotropy requires the full, folded wireframes for calculation, blocks were permitted to estimate above surface but had an "air" code applied and were removed from reporting. The Mineral Resource Estimate was conducted using Datamine Studio RMTM version 1.8.32.0 within the North American Datum 1983 (NAD83) Modified Transverse Mercator (MTM) Zone 4 datum.

Four block models were independently estimated, WG, EG, the Marker Horizon unit, and BR. These then had extraneous fields removed and were combined into one overall resource block model.

The Mineral Resources were classified using the 2014 CIM Definition Standards and the 2019 CIM Best Practice Guidelines and have an effective date of November 15, 2021.

The Mineral Resource Estimate presented is based on validated results of 681 surface and underground drill holes, for a total of 120,550 m of diamond drilling completed between 1984 and the effective date of November 15, 2021, as well as 1,230 chip samples comprised of 822.7 m from the Bulk Sample (2018 to 2019). The Mineral Resource Estimate includes 7,488.3 m of diamond drilling in 62 drill holes since the Previous Mineral Resource Estimate effective February 7, 2021. Nine drill holes totalling 1,001.9 m were removed from the database due to inconsistent sample lengths.

**Mineral Resource Estimate – Effective Date November 15, 2021**

<b>Resource Type</b>	<b>Gold Cut-off (g/t)</b>	<b>Category</b>	<b>Tonnes ('000)</b>	<b>Gold Grade (g/t)</b>	<b>Gold Troy Ounces</b>
Open Pit	0.45	Measured	7,680,000	2.760	680,518
		Indicated	7,988,000	2.886	741,220
		Measured + Indicated	15,668,000	2.822	1,421,738
		Inferred	975,000	2.113	66,237
Underground	2.40	Measured	1,576,000	7.450	377,445
		Indicated	4,350,000	5.590	781,794
		Measured + Indicated	5,925,000	6.085	1,159,239
		Inferred	2,206,000	5.893	418,013
<b>Combined Open Pit and Underground</b>	<b>0.45 and 2.40</b>	<b>Measured</b>	<b>9,255,000</b>	<b>3.555</b>	<b>1,057,963</b>
		<b>Indicated</b>	<b>12,338,000</b>	<b>3.839</b>	<b>1,523,014</b>
		<b>Measured + Indicated</b>	<b>21,593,000</b>	<b>3.718</b>	<b>2,580,977</b>
		<b>Inferred</b>	<b>3,181,000</b>	<b>4.734</b>	<b>484,250</b>

Mineral Resource Estimate Notes

- Mineral Resources were prepared in accordance with NI 43-101 and the CIM Definition Standards for Mineral Resources and Mineral Reserves (2014) and the CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines (2019). Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. This estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
- Mineral Resources are inclusive of Mineral Reserves.
- Open pit Mineral Resources are reported at a cut-off grade (CoG) of 0.45 g/t gold that is based on a gold price of C\$2,000/oz (approximately US\$1,600/oz) and metallurgical recovery factor of 89% around cut-off as calculated from  $((\text{GRADE} - (0.0262 * \text{LN}(\text{GRADE}) + 0.0712)) / \text{GRADE} * 100) - 0.083$
- Underground Mineral Resource is reported at a CoG of 2.40 g/t gold that is based on a gold price of C\$2,000/oz (approximately US\$1,600/oz) and a gold processing recovery factor of 97%.
- Mineral Resource effective date November 15, 2021.
- All figures are rounded to reflect the relative accuracy of the estimates and totals may not add correctly.
- Excludes unclassified mineralization located within mined out areas.
- Reported from within a mineralization envelope accounting for mineral continuity.
- All figures are rounded to reflect the relative accuracy of the estimates and totals may not add correctly.

## Input Parameters for Mineral Resource Calculation

### Open Pit

For the open pit Mineral Resource, the economic limits for the two open pits were determined using Geovia's Whittle™ 4.7 software which uses the Lerchs-Grossmann (LG) algorithm. The LG algorithm progressively identifies economic blocks, taking into account waste stripping, resulting in the highest possible total value mined within the open pit shell subject to the specified pit slope constraints. The pit limit analysis was performed on the resource block model.

#### Open Pit Limit Analysis Parameters

Parameter	Value
Currency Used for Evaluation	C\$
Block Size	In-Situ model regularized to 2.0 m x 2.0 m x 4.0 m
Overall Stope Angle	Rock: Varied by Sector, Range 42° - 46° Overburden: 25°
Open Pit Mining Cost	0.8 Mining Cost Adjustment Factor (MCAF) for Overburden \$5.10/t <sub>mined</sub> Rock +\$0.016/t per 8 m
Process Cost <i>Includes assumptions for Milling, G&amp;A, tailings, and rehabilitation</i>	\$25.75/t <sub>processed</sub>
Selling Cost <i>Includes doré transportation, refining, and royalty</i>	\$5/oz
Percent Payable	99.95%
Metal Price	US\$1,600 per ounce of gold US\$1:C\$1.25 C\$2,000 per ounce of gold
Process Recovery	Based on Grade – Recovery Curve: $\frac{Block\ Grade - (0.0262 \times \ln(Block\ Grade) + 0.0712)}{(Block\ Grade \times 100) - 0.083}$
Mining Loss & Dilution	Included within Re-blocked/ Regularized Block Model Plus 5% factor for mining loss within optimization program Overall effect of ~26% additional tonnes and ~8% reduction in metal
Resources Used to Generate Pit Shell	Measured + Indicated (no Inferred Resources were used to create the open pit physical limits)
Pit Shell Selection	Revenue Factor (RF) 0.80 for Mine Planning
Production Rate Assumption	4,000 tonnes per day (t/d)

Three boundary constraints were used in the pit limit analysis for the Deposit:

- A 40 m (X-Y) offset from the Natural Gas pipeline easement, on the west side of the property;
- A 50 m (X-Y) offset from the edges of the Gold Brook Lake; and
- A 20 m (X-Y) offset from the centerline of Gold Brook.

The block models were created in Datamine using 2 m x 2 m x 2 m parent cell and variable sub-celling to 1 m. For the open pit evaluation, the resource block model in Datamine format was re-blocked to a regularized block model in Datamine format using Deswik.CAD. Default waste blocks and overburden blocks were added to the model. The envisioned selective mining excavator, at the onset of the analysis, will likely have a bucket width of approximately 2 m. Mining is planned at an 8 m operating bench height.

To classify the material contained within the open pit limits as material for processing or material for waste, the milling cut-off grade is used. This break-even cut-off grade is calculated to cover the costs of processing, general and administrative costs, and selling costs using the economic and technical parameters listed above. Mineral Resource



material contained within the pit and above the cut-off grade, estimated at 0.45 g/t gold, is classified as potential mill feed (PMF), while resource material below the cut-off grade is classified as waste.

### ***Underground***

For the underground Mineral Resource analysis, parameters used to calculate the cut-off grade are shown below. The underground Mineral Resource cut-off grade is estimated to be 2.40 g/t gold. The Mineral Resource Estimate excludes unclassified mineralization located within mined out areas.

#### **Underground Limit Analysis Parameters**

<b>Parameter</b>	<b>Value</b>
Currency Used for Evaluation	C\$
Block Size	In-Situ sub-blocked model with parent blocks at 2.0 m x 2.0 m x 2.0 m
Underground Mining Cost <i>Includes assumptions for operating waste development, surface rehandle</i>	\$96.25/t <sub>processed</sub>
Process Cost <i>Includes assumptions for Milling, G&amp;A, tailings, indirect costs</i>	\$44.30/t <sub>processed</sub>
Underground Support Cost <i>Includes assumptions for sustaining underground capital, infill diamond drilling</i>	\$22.50/t <sub>processed</sub>
Selling Cost <i>Includes doré transportation, refining, and royalty</i>	\$24.84/troy ounce
Percent Payable	99.95%
Metal Price	\$1.550 US\$ per troy ounce Exchange Rate: 1 US\$=1.3 C\$ \$2.000 C\$/troy ounce (rounded)
Process Recovery	97%
Production Rate Assumption	1,200 t/d

### ***Mineral Reserve Estimate***

The Mineral Reserve Estimate for the Project is reported using the May 10, 2014, Standards for Mineral Resources and Mineral Reserves and the 2019 CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines (2019).

Mineral Reserves are based on the engineering and economic analysis prepared as part of the FS. Changes in the following factors and assumptions may affect the Mineral Reserve Estimate:

- Metal prices
- Interpretations of mineralization geometry and continuity of mineralization zones
- Kriging assumptions
- Geomechanical and hydrogeological assumptions
- Ability of the mining operation to meet the annual production rate
- Operating cost assumptions
- Process plant recoveries
- Mining loss and dilution
- Ability to meet and maintain permitting and environmental licence conditions
- Historical mining depletion

A Mineral Reserve Estimate was prepared for the Project using a combination of Geovia's Whittle 4.7.4 and Geovia's Surpac 2021 software packages for estimating the economic pit limit for the open pit and block model interrogation.

The Mineral Reserve Estimate for the Deposit is based on the resource block model. The block model contained Measured, Indicated and Inferred Mineral Resources, however only Measured and Indicated Mineral Resources were used. Inferred Mineral Resources in the block model were not included in the Probable Mineral Reserve and remain classified as waste; Inferred Mineral Resources do not meet the standards required for inclusion in Mineral Reserves.

Mineral Reserves for the Deposit incorporate mining dilution and mining loss assumptions for the open pit mining method. The reference point at which Mineral Reserves are defined, is the point where the ore is delivered to the processing facility, which includes the ROM stockpile.

#### Mineral Reserve Estimate – Effective Date November 15, 2021

Category	Area	Au Cut-off Grade	Tonnage (t)	Diluted Au Grade (g/t)	Contained Au Metal (oz)
Probable Mineral Reserve	East Pit	0.45 g/t	5,468,300	2.54	446,000
Probable Mineral Reserve	West Pit	0.45 g/t	10,330,600	2.12	704,200
<b>Probable Mineral Reserve</b>	<b>Overall Total</b>	<b>0.45 g/t</b>	<b>15,798,900</b>	<b>2.26</b>	<b>1,150,200</b>

#### Mineral Reserve Estimate Notes

- *The independent and Qualified Person for the Mineral Reserve Estimate, as defined by NI 43-101, is Joanne Robinson, P.Eng. of Nordmin Engineering Ltd.*
- *Mineral Reserves were prepared in accordance with NI 43-101 and the CIM Definition Standards for Mineral Resources and Mineral Reserves (2014) and the CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines (2019). This estimate of Mineral Reserves may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.*
- *The effective date of the Mineral Reserves estimate is December 15, 2021.*
- *The Mineral Reserve Estimate is based metallurgical recovery algorithms, that result in an overall average recovery of 95.8%.*
- *Metal prices are set at US\$1,600/oz Au with an exchange rate assumption of 1US\$:1.25C\$ resulting in C\$2,000/oz.*
- *The Mineral Reserve was derived from a pit limit analysis and detailed pit design. A cut-off grade of 0.45 g/t was based on parameters described above.*
- *The Mineral Reserve Estimate incorporates mining dilution and mining loss assumptions through regularization of block size to 2 m x 2 m x 4 m. An additional 5% mining loss assumption was incorporated. The overall impact is approximately 26% additional tonnes and approximately 8% reduction in Au Metal.*

#### Mining Operations

Conventional open pit mining methods will be used to extract a portion of the Deposit. This method was selected considering the deposit's size, shape, orientation, and proximity to the surface. Drilling, blasting, loading, and hauling will be used to mine the open pit material within the designed pit to meet the mine production schedule.

Open pit mining will include conventional drilling and blasting with a combination of a backhoe type excavator, hydraulic excavator, and front-end loader type excavator loading broken rock into haul trucks, which will haul the material from the bench to the crusher, run of mine (ROM) stockpile or waste stockpiling areas depending on the material type. Ancillary equipment includes dozers, graders, and various maintenance, support, service, and utility vehicles. This Technical Report considers a mining contractor operator scenario.

The FS is based on a conventional truck-shovel open pit mining operation within two pits. The open pit production period is approximately 10.9 years with 1 year of pre-production (prior to process plant start-up). It is envisaged that the PMF will be loaded directly into the processing plant crusher hopper but there will be a need for a ROM stockpile to allow for stoppages, for stockpiling in the pre-production period, and possibly some blending. The operation scenario for the FS involves:

- Open pit mining at an average mining rate of 12.8 Mt per year.
- Gold process facility with a 1.46 Mtpa (4,000 t/d) capacity.
- Approximate six (6) month ramp up period in Year 1 for process facility.

- 1 year pre-production mining period to coincide with the initial stage of the tailings management facility (“TMF”) development.

### ***Processing and Recovery***

The process plant was designed using conventional processing unit operations. It has been designed to treat up to 4,000 t/d based on an availability of 92% or 8,059 hours per year. The crushing plant section design is set at 64% availability and the gold room availability is set at 52 weeks per year. The plant will operate two shifts per day, 365 days per year, and will produce doré bars.

The process plant includes the following:

- Three stages crushing of ROM material
- A covered, crushed material stockpile to provide buffer capacity ahead of the grinding circuit
- Ball mill with trommel screen followed by cyclone classification
- Gravity recovery of ball mill discharge followed by intensive cyanidation of the gravity concentrate and electrowinning of the pregnant leach solution
- Trash screening
- Leach + carbon adsorption (L/carbon-in-pulp (CIP))
- Acid washing of loaded carbon and Pressure Zadra type elution followed by electrowinning and smelting to produce doré
- Carbon regeneration by rotary kiln
- Cyanide destruction of tailings using the SO<sub>2</sub>/air process followed by arsenic precipitation
- Carbon safety screening
- Tailings thickening
- Reagent storage and distribution
- Water and air services
- Potable water treatment and distribution

Key process design criteria listed below were derived from metallurgy testwork outlined above.

<b>Design Parameter</b>	<b>Units</b>	<b>Value</b>
Plant Throughput	t/d	4,000
Gold Grade – Design Mill Head	g/t	2.58
Crushing Plant Availability	%	64
Mill Availability	%	92
Bond Crusher Work Index (CWi), 75th percentile	kWh/t	23
Bond Rod Mill Work Index (BWi), 75th percentile	kWh/t	17.6
Bond Ball Mill Work Index (BWi), 75th percentile	kWh/t	15.7
SMC Axb, 25th percentile	-	30.4
Bond Abrasion Index (Ai)	g	0.228
Material Specific Gravity	t/m <sup>3</sup>	2.75
Primary Grind size (P80)	µm	100
Primary Crusher	-	Jaw, 1 m x 1.3 m
Secondary Crusher	-	Standard Cone, 1.32 m diam.
Tertiary Crusher	-	Shorthead Cone, 1.32 m diam.
Ball Mill Dimensions	-	5.2 m diam. x 7.9 m EGL
Ball Mill Installed Power	MW	3.5
Leach Residence Time	h	30
CIP Residence Time	h	6
Gravity Gold Recovery (design)	% Au	40
Total Gold Recovery (life of mine)	% Au	96
Leach pH target range	-	10.5-11

Design Parameter	Units	Value
Leach-CIP Operating Density	% w/w solids	44
Leach Sodium Cyanide Addition	kg/t	0.5
Leach Hydrated Lime Addition	kg/t	1.0
Leach & CIP Tanks	#	3 + 6
Tonnes of Carbon per Elution Column	t	3
Detoxification Residence Time	min	120
Detoxification Tanks	#	2 (Parallel)
Detoxification SO <sub>2</sub> Addition (as SMBS)	SO <sub>2</sub> :CN <sub>WAD</sub> ratio(w/w)	10
Detoxification Lime Addition	kg/t	0.80
Detoxification Discharge CN <sub>WAD</sub> , Design	mg/L	<0.5
Detoxification Discharge CN <sub>TOT</sub> , Design	mg/L	0.5
Arsenic Precipitation Residence Time, Design	min	10
Ferric Sulphate Addition Ratio	Fe:As Ratio (w/w)	10
Thickener Underflow Density	% w/w solids	60

### **Infrastructure**

The main Project infrastructure components include the mine and process plant supporting infrastructure, site accommodation facilities, TMF, external and internal access roads, power supply and distribution, freshwater supply and distribution, and the water treatment plant.

The Property will have access to the substantial infrastructure, services, and skilled labour in the area. There will be reduced infrastructure cost requirements due to its location near Route 316 compared to a remote mine site location. The Property is approximately 175 km northeast of the city of Halifax, 60 km southeast of the town of Antigonish, and 1.6 km north of the village of Goldboro, on the eastern shore of Isaac's Harbour, in Guysborough County, Nova Scotia, Canada. A secondary gravel road (Goldbrook Road), accessed from Route 316, crosses the Property, and passes near the historic Boston Richardson shaft and exploration decline. Smaller logging roads and trails provide good access to most areas of the Property. The elevation is nominally 70 m above sea level. The regional labour force includes experienced equipment operators, mine workers and material and equipment suppliers.

The majority of the earthworks will be realized in the preparation of the mine infrastructure, process plant and TMF infrastructures. Haulage roads on site will be built to withstand frequent heavy traffic between the proposed open pit, ROM stockpile and TMF. They will be wide enough to accommodate two trucks passing between the pits and ROM stockpile at 16.5 m with a grade no greater than 10%. The road to and from the tailing's management facility will be 11 m wide for one-way traffic by haul trucks.

In total, approximately 5,300 m<sup>2</sup> of ancillary buildings (not including the employee accommodations and process plant buildings) have been provided.

These ancillary infrastructure buildings will be pre-engineered steel structures founded on conventional spread footing foundations. Space has been provided for future buildings provided by the mining contractor or in the case of expansion during operations.

Power for the site is anticipated to be provided from a nearby Nova Scotia Power 25 kV distribution line installed along Route 316. A 1.6 km tap line would be installed along a new right of way to the mine site main substation. Nova Scotia Power would upgrade their existing distribution system as necessary to be able to provide the additional power required. Peak power demand for the site is estimated to be 10 MW, with the average demand estimated to be 7.5 MW. A network of 13.8 kV overhead distribution lines would be installed at site to provide power sourced from the main substation for the mine and surface infrastructure

Water supply infrastructure includes one intake structure, two booster stations, one transmission watermain from Gold Brook Lake to the mill freshwater tank and to the potable water treatment unit; and distribution piping to supply potable water throughout the Project site (mill, emergency response transport (ERT) facility, plant office, general office, mine dry, core storage, truck shop and employee accommodation). A transmission watermain from Gold Brook Lake to the processing plant buildings is to provide a raw water source to support mill process operations and site wide potable water, hence the watermain flowrate was estimated based on the potable and process water demands (22 m<sup>3</sup>/h).

Gold Brook Lake was considered as the source water, the treatment requirements were established based on the Canadian Drinking Water Guideline, and potable water treatment was sized assuming an equal flowrate for both potable water and wastewater (16 m<sup>3</sup>/h).

Two separate wastewater treatment units were developed to service employee accommodation (with 350 people) and other buildings/facilities including mill, ERT facility, plant office, general office, mine dry, core storage, truck shop (with 84 people). Sewage flow rates as well as treatment requirements were adopted from the Atlantic Canada Wastewater Guidelines Manual for Collection, Treatment and Disposal, 2006.

The mine water management plan (“MWMP”) and associated design measures have been developed based on the proposed feasibility level mine site arrangement with inputs from the Company and the Consultants. The MWMP will be implemented during the construction phase and will be adjusted as necessary throughout the mine operations and closure phase.

Knight Piésold Ltd. completed a FS level design for the TMF at the Project. The TMF will provide secure storage for tailings, PAG1 waste rock (potentially acid generating (PAG) waste rock designed to be deposited in the TMF), and process water. Co-disposal will include management of both tailings and PAG1 waste rock in the TMF. The embankments include for adequate freeboard to provide ongoing tailings storage, PAG1 waste rock, water cover, operational water management, temporary storage of runoff resulting from the Environmental Design Flood (EDF) and safe conveyance of runoff up to and including the Inflow Design Flood (IDF) through a spillway. The TMF will be constructed as a paddock style, single cell facility located on a side hill northeast of Gold Brook Lake. A geomembrane lining system will be installed along the TMF basin floor and on the upstream face of the perimeter embankments to minimize seepage exiting the facility. The embankments will be raised in stages using downstream construction methods throughout the mine life.

Tailings will be pumped from the process plant to the TMF as a conventional thickened slurry via pipeline(s) and deposited into the TMF. The PAG1 waste rock will be segregated during mining operations and hauled directly to the TMF. The PAG1 waste rock pile in the TMF basin will be constructed similar to conventional waste rock piles (i.e., spread by a dozer in controlled lifts and compacted by the mine haul fleet) towards the northeast portion of the facility. The working surface of the PAG1 waste rock pile will be maintained above the elevation the tailings and supernatant throughout the mine life.

A polishing pond will be constructed as an external pond to store water for the TMF water treatment plant (WTP) operations. The polishing pond will be constructed southwest of the TMF. The polishing pond has been designed to store approximately four days of TMF WTP discharge capacity plus some extra capacity contingency. The polishing pond embankment will be constructed in one stage as zoned rockfill dam. The polishing pond basin and upstream embankment face will be lined with a smooth 80 mil High Density Poly Ethylene (HDPE) geomembrane overlying a 12 oz./sq. yd. non-woven geotextile.

### ***Permitting and Compliance Activities***

The Company submitted an Environmental Assessment Registration Document (“EARD”) to Nova Scotia Environment (“NSE”) for a Class 1 Environmental Assessment (“EA”) on June 10, 2022. On August 2, 2022, the Company received approval for the Project, in accordance with Section 13(1)b of the Environmental Assessment Regulations, pursuant to Part IV of the Environment Act, subject to conditions. As a result, monitoring and related modelling efforts are now focused on conditions of the EA approval and the subsequent permits and authorizations. Larger provincial approvals include the Crown Land Lease and Industrial Approval (“IA”). The Crown Land Lease Application was submitted in July 2022. Detailed engineering is ongoing to support the IA application package, which is planned for Q2 2023. Federal approvals include a Fisheries Act Authorization (“FAA”) through Fisheries and Oceans Canada (“DFO”) for alteration and destruction of fish habitat and a Schedule 2 addition from Environment and Climate Change Canada (“ECCC”) for tailings placement. The application for Schedule 2 amendment was submitted in the fourth quarter of 2022 and the FAA is planned for later in 2023. Other smaller permits are generally planned for submission in the third quarter of 2023.

The Company continues to successfully manage the Industrial Approval related to the underground Bulk Sample collected in 2018.

The Project will require the acquisition of some privately owned property. The Company has engaged a third-party to complete the relevant property assessments, negotiate property acquisitions, and manage and document the process. Should some individuals refuse to sell through this process, the Company would then pursue the expropriation process

to acquire the property which could cause delays, however, would unlikely cause any delays in the overall permitting process.

The presence of past mining operation infrastructure, including several historical tailings sites associated with the past operation of the historical Boston Richardson Mine within the Gold Brook Lake-Seal Harbour Lake watershed, are recognized as important environmental site factors. Provincial regulators indemnified Orex in 1995 from any environmental liabilities resulting from historical mining activities, assuming that old tailings storage areas are not impacted during exploration or mining activities. A historic tailings management plan will be developed in consultation with Nova Scotia Environment and Climate Change (NSECC) to manage the areas that will be directly disturbed by the Project.

The Company recognizes the asserted Aboriginal and Treaty Rights and Title of Nova Scotia Mi'kmaq and maintains ongoing engagement with KMKNO and representatives of Paqtnkek Mi'kmaw Nation. On June 2, 2019, the Company and the Assembly of Nova Scotia Mi'kmaw Chiefs signed a Memorandum of Understanding (MOU) that outlines a process that the parties may use to develop a Mutual Benefits Agreement (MBA) that reflects a desire to build a mutually beneficial relationship with respect to the Project. The process to develop an MBA is actively ongoing with several constructive meetings since EA approval. The Company anticipates an MBA will be finalized in 2023.

The Company is actively engaging KMK and individual Mi'kmaq communities on all aspects of the Project, including authorizations and approvals that will trigger consultation. The Company is actively engaging Paqtnkek, the Mi'kmaq community nearest to the Project, on items related to fisheries, offsetting, workplace readiness, and employee accommodations.

Public engagement has been ongoing with the Municipality of the District of Guysborough (MODG), as well as residents and property owners in the region since 2017. This includes regular meetings of Company senior executives and project consultants with the MODG Council. A Community Liaison Committee (CLC) was established to foster environmental stewardship, and act as a conduit for transparent and ongoing communications between community, stakeholders, and the Company on all matters pertaining to potential development. The Company has held three open house public consultation meetings in Goldboro and will seek additional opportunities for community engagement throughout the life of the Project.

### ***Capital and Operating Costs***

The capital cost estimate was prepared with an expected accuracy range of  $\pm 15\%$  weighted average accuracy of actual costs. Base pricing is in Q3 of 2021 Canadian dollars with no allowances for inflation or escalation beyond that time and assumes a currency exchange rate US\$1.00:CS\$1.25. The estimate includes direct and indirect costs, (such as engineering, procurement, construction and start up of facilities) as well as owners costs and contingency associated with mine and process facilities and on site/off site infrastructure. Total LOM capital costs, including initial, sustaining and reclamation costs, are \$384.5 million. The initial capital estimate is \$271.1 million and includes amounts indirect and contingency assumptions. A contingency of \$31.7 million has been included in the estimate of initial capital costs, which amounts to 16% of direct initial capital costs or 11% of the total.

Item / Description	Units	Pre-Production Phase	% of Total	Production Phase	Closure Phase	Total
<b>Capital Cost</b>						
<b>Capital Cost Estimate</b>		<b>Initial</b>		<b>Sustaining</b>		<b>TOTAL</b>
Open Pit Mining	M\$	25.5	9%	1.6		27.1
Process Plant	M\$	70.5	25%			70.5
Tailings Management	M\$	20.6	7%	42.4		63.1
Infrastructure and Site Development	M\$	49.8	18%	7.4		57.2
Water Management & Treatment	M\$	14.4	5%	11.7		26.1
General Site Equipment	M\$	1.1	0%			1.1
Employee Accommodations	M\$	12.1	4%			12.1
<b>Subtotal Capital Costs</b>	<b>M\$</b>	<b>193.9</b>	<b>70%</b>	<b>63.1</b>	<b>0.0</b>	<b>257.0</b>
Indirect Capital	M\$	45.4	16%			45.4
<i>Mill Labour during pre-production</i>	<i>M\$</i>	<i>0.79</i>	<i>0%</i>			<i>0.8</i>
<i>G&amp;A Labour during pre-production</i>	<i>M\$</i>	<i>2.18</i>	<i>1%</i>			<i>2.2</i>
<i>Other Indirect Costs</i>	<i>M\$</i>	<i>14.6</i>	<i>5%</i>			<i>14.6</i>
<i>EPCM</i>	<i>M\$</i>	<i>27.8</i>	<i>10%</i>			<i>27.8</i>
Contingency	M\$	31.7	11%			31.7
<b>Subtotal Capital Costs</b>	<b>M\$</b>	<b>271.1</b>	<b>97%</b>	<b>63.1</b>	<b>0.0</b>	<b>334.2</b>
Rehabilitation & Closure, Bond Cost	M\$	0.7	0%	10.1	30.3	41.0
Other Capital – Habitat Compensation	M\$	0.0	0%	9.3		9.3
Working Capital	M\$	6.7	2%	-6.7		0.0
<b>Total Capital Costs</b>	<b>M\$</b>	<b>278.5</b>	<b>100%</b>	<b>75.7</b>	<b>30.3</b>	<b>384.5</b>

The operating cost estimate was prepared with an expected accuracy range  $\pm 15\%$  weighted average accuracy of actual costs based on the third quarter of 2021 Canadian dollars with no allowances for inflation or escalation beyond that time and assumes a currency exchange rate US\$1.00:C\$1.25, unless otherwise stated. The LOM operating costs, including selling costs, are estimated to be \$1,064.0 million.

Operating Costs		C\$ million
Open Pit Mining		691.0
Processing		212.5
General and Administration		137.5
Water Management and Treatment		18.4
Refining Charges		3.6
Transportation Charges		1.0
<b>Total</b>		<b>1,064.0</b>

### ***Economic Analysis***

An economic model was prepared for the Project to estimate annual cash flows and assess sensitivities to certain economic parameters. The economic results of this Technical Report are based upon the services performed by the various consultants and the Company provided the inputs with respect to the tax impact of the economic model, including calculation of federal and provincial income taxes, provincial mining taxes, and available tax attributes that are applicable to the Project.

The Project includes an open pit and associated infrastructure, surface infrastructure to support the mine operations (i.e., maintenance and office facilities), water management features, ROM stockpiling area, processing facility, TMF, and employee accommodation facility.

The economic model for the Project indicates a pre-tax free cash flow of \$755.1 million over approximately 11-year mine life, a pre-tax Net Present Value (NPV) 5% of \$483.8 million and a pre-tax IRR of 31.2%. On an after-tax basis, the Project could generate free cash flow of \$529.0 million, and after-tax NPV (5%) of \$328.2 million and an after-tax IRR of 25.5%. The Project is most sensitive to commodity prices.

<b>Economic Indicators</b>	<b>Units</b>	<b>Pre-Tax</b>	<b>After-Tax</b>
Payback Period ( <i>from start production</i> )	Years	2.7	2.9
IRR	%	31.2	25.5
NPV @ 5% (base case)	C\$M	483.8	328.2
NPV @ 8%	C\$M	369.7	243.4
NPV @ 10%	C\$M	308.1	197.4

### ***Exploration, Development and Production***

The results of the FS indicate that the Project has technical and financial merit using the inputs from various advanced studies, which outlines a surface mine life of approximately 11 years. Consequently, the development plan in early 2022 was focused on advancing technical and related studies toward the submission of an EARD for Class 1 Environmental Assessment, which was submitted in June 2022. On August 2, 2022, the Project was approved by the Nova Scotia Minister of Environment and Climate Change subject to the terms and conditions outlined in the Environmental Assessment Approval. The approval marks a significant milestone in the regulatory approval process, allowing the Company to commence site-specific permitting processes, including the Industrial Approval and Crown Land Lease and Mining Lease applications.

Throughout 2023, the Company will continue with ongoing work to support further technical studies including detailed engineering, expanded surface water monitoring, metallurgical test programs and advanced geotechnical work to de-risk the construction phase of the Project. The Company continues to also advance permitting activities, including Mi'kmaq engagement and public consultation, additional surface and groundwater modelling, geotechnical programs, detailed engineering, and ongoing baseline studies to support the Industrial Approval Application.

The Company is also undertaking an updated Feasibility Study to include an updated Mineral Resource Estimate and capital and operating costs, and advanced geotechnical work to de-risk the construction phase of the Project.

Additionally, the Company will continue exploration activities designed to target potential opportunities to expand the Project further, and to demonstrate the continuation of the deposits along strike to the west of the existing Mineral Resource. During the winter and spring of 2022, the Company completed an infill drill program, consisting of 3,865 metres in 31 diamond drill holes at Goldboro. The drilling program was conducted to aid in the conversion of Inferred Mineral Resources within the East Goldbrook Pit into Indicated Mineral Resources. The existing constrained open pits outlined in the Phase 1 Open Pit Feasibility Study were designed using only Measured and Indicated Resources, however they captured 975,000 tonnes of Inferred Mineral Resources at a grade of 2.11 g/t gold mainly in the East Goldboro Pit. This represents an opportunity to positively impact Project economics by upgrading these Inferred Mineral Resources which are currently accounted for as waste tonnes.

In 2022, the Company completed 36-line kilometres of the IP Survey which included an orientation of the known Goldboro Deposit, which demonstrated a chargeability response coincident with the Goldboro Mineral Resource. Significantly, this chargeability response continues 400 metres to the west of the Goldboro Deposit to the western end of the IP Survey and down to depths of at least 250 metres, which may represent the along strike continuity of the Goldboro Deposit. Historical data suggests the structure which hosts the Goldboro Deposit potentially continues a



minimum 2.0 kilometres west of the Goldboro Mineral Resource, which the Company tested with a diamond drill program beginning in the fourth quarter of 2022. In February 2023, the Company released diamond drill results from 2,870 metres in 15 drill holes, which included intersections of 20.59 g/t over 3.0 metres, 7.29 g/t over 2.5 metres and 9.46 g/t over 2.0 metres. The program successfully discovered continued gold mineralization up to 325 metres to the west of the existing Goldboro Deposit Mineral Resource, and mineralization remains open along strike to the west and at depth. Critically, the results demonstrated the same style of gold mineralization and host environment as the Goldboro Deposit. Eight (8) occurrences of visible gold were observed in 102 separate intersections of gold mineralization. Drilling also demonstrated that increased gold mineralization and alteration is coincident with the targeted IP chargeability and Very Low Frequency VLF trends. This geophysical signature, along with the current geological interpretation, suggests that the structure which hosts the Goldboro Deposit potentially extends two (2) kilometres west of the current mineralization and is coincident with the past producing Dolliver Mountain gold mine.

## **DIVIDEND POLICY**

Although the Company has not declared or paid dividends on any common shares since incorporation and does not anticipate declaring or paying dividends in the foreseeable future, the Board of Directors of the Company may declare from time to time such cash dividends out of the monies legally available for dividends as the Board of Directors considers appropriate. Any future determination to pay dividends will be at the discretion of the Board of Directors and will depend on the capital requirements of the Company, results of operations and such other factors as the Board of Directors considers relevant.

## **DESCRIPTION OF CAPITAL STRUCTURE**

The Company is authorized to issue an unlimited number of common shares of which there were 195,426,849. common shares issued and outstanding as at the date of this AIF. The holders of the common shares have the right to one vote per common share at any meeting of shareholders, to receive any dividend declared by the Board of Directors, and to receive on a pro rata basis the remaining property of the Company on its dissolution, liquidation, winding up or other distribution of its assets or property among its shareholders for the purpose of winding up its affairs. The common shares do not contain any pre-emptive subscription, redemption or conversion rights.

As of December 31, 2022, the Company had 5,861,337 share warrants outstanding, which were issued on June 9, 2022 in connection with a non-brokered private placement. On February 24, 2023, as part of a credit facility of up to US\$21.0 million with Nebari, the Company granted 15,413,508 share purchase warrants for the initial draw of US\$16.0 million under the facility, with each warrant exercisable to purchase a common share of the Company at a strike price of C\$0.44 per share. Each warrant granted shall entitles the holder to acquire one common share of the Company upon exercise thereof and payment of the exercise price for a period of three years from the date of issuance.

The Company has adopted a stock option plan and a share unit plan (collectively, the “Incentive Plans”). The Incentive Plans are each a “rolling evergreen” plan and provide that the number of common shares of the Company available for issuance from treasury under the Incentive Plans shall not exceed 10% of the issued and outstanding common shares of the Company at the time of grant. Any increase in the issued and outstanding common shares of the Company will result in an increase in the available number of common shares issuable under the Incentive Plans. Any issuance of common shares from treasury pursuant to the settlement of stock options or share units granted pursuant to the Incentive Plans shall automatically replenish the number of common shares issuable under the Incentive Plans. When each stock option or share unit is exercised, cancelled, or terminated, a common share shall automatically be made available for the grant of a stock option or share unit under the Incentive Plans.

As of December 31, 2022, 2,263,334 options under the Company’s Stock Option Plan were outstanding, exercisable at an average exercise price of \$0.49. The expiry dates of the stock options are between January 19 2023 and September 28, 2027.

As of December 31, 2022, there were 2,362,813 share units outstanding, which represent the right to receive one common share (subject to adjustments) issued from treasury per share unit. The number of share units granted, and any applicable vesting conditions, are determined at the discretion of the Board of Directors on the date of grant.

## MARKET FOR SECURITIES

### Trading Price and Volume

The common shares of the Company trade on the TSX under the symbol “SGNL”. Information concerning the trading prices and volumes on the TSX during the year ended December 31, 2022, is set out below.

### Trading Price and Volume for Fiscal 2021

Month	High (\$)	Low (\$)	Close (\$)	Share Volume
January	0.75	0.54	0.68	2,760,100
February	0.94	0.68	0.76	3,864,900
March	0.79	0.66	0.70	2,340,400
April	0.73	0.53	0.59	1,961,900
May	0.61	0.44	0.48	1,009,400
June	0.485	0.37	0.375	705,500
July	0.48	0.32	0.41	919,800
August	0.57	0.385	0.40	762,500
September	0.39	0.34	0.39	443,600
October	0.44	0.30	0.335	871,500
November	0.35	0.285	0.31	1,023,900
December	0.37	0.305	0.32	1,571,300
January 2023	0.425	0.325	0.34	1,006,500

### Prior Sales

During the recently completed fiscal year ended December 31, 2022, the Company issued the following securities:

Date	Type of Security	Number of Securities	Price per Security / Exercise Price (\$)	Nature of Transaction
December 2022	Common Shares	47,260	0.32	Acquisition of Mineral Properties
November 2022	Common Shares	900,901	0.33	Acquisition of Mineral Properties
November 2022	Common Shares	62,500	0.28	Exercise of Stock Options
September 2022	Stock Options	250,000	0.37	Grant of Stock Options
August 2022	Common Shares	52,274	0.38	Acquisition of Mineral Properties
August 2022	Common Shares	66,252	0.43	Redemption of Share Units
July 2022	Stock Options	125,000	0.375	Grant of Stock Options
July 2022	Share Units	240,000	0.375	Grant of Share Units
June 2022	Common Shares	11,722,673	0.51	Private Placement
June 2022	Common Shares	474,681	0.36	Redemption of Share Units
June 2022	Common Shares	125,000	0.28	Exercise of Stock Options
June 2022	Common Shares	245,000	0.24	Exercise of Stock Options
May 2022	Share Units	11,000	0.50	Grant of Share Units
May 2022	Stock Options	100,000	0.50	Grant of Stock Options
March 2022	Stock Options	100,000	0.71	Grant of Stock Options
March 2022	Common Shares	25,000	0.24	Exercise of Stock Options
February 2022	Stock Options	270,000	0.74	Grant of Stock Options
February 2022	Share Units	1,362,392	0.74	Grant of Share Units

Date	Type of Security	Number of Securities	Price per Security / Exercise Price (\$)	Nature of Transaction
February 2022	Common Shares	50,422	0.79	Acquisition of Mineral Properties
February 2022	Common Shares	37,561	0.80	Acquisition of Mineral Properties
February 2022	Common Shares	20,000	0.21	Redemption of Share Units
February 2022	Common Shares	155,499	0.77	Redemption of Share Units
February 2022	Common Shares	125,000	0.24	Exercise of Stock Options
February 2022	Common Shares	21,250	0.21	Exercise of Stock Options
February 2022	Common Shares	100,000	0.60	Exercise of Stock Options
January 2022	Stock Options	100,000	0.63	Grant of Stock Options
January 2022	Common Shares	236,945	0.39	Redemption of Share Units
January 2022	Common Shares	25,000	0.46	Exercise of Stock Options
January 2022	Common Shares	12,500	0.21	Exercise of Stock Options

## DIRECTORS AND OFFICERS

### Name, Address, Occupation and Security Holding

The following table sets forth the name, province or state, country of residence, position held with the Company and principal occupation of each of the directors and executive officers of the Company, as at the date of this AIF. The directors of the Company were appointed by the directors to fill vacancies on the board or elected by the shareholders at the annual general meeting of shareholders on May 12, 2022, and hold office until the next annual meeting of shareholders or until their successors are duly elected or appointed.

The number of common shares beneficially owned, or controlled, or directed, are presented as at the date of this AIF.

Name and Province/State and Country of Residence	Position	Principal Occupation	Year Became a Director	Number of Common Shares Beneficially Owned, or Controlled or Directed <sup>(1)</sup>
Kevin Bullock Ontario, Canada	President, Chief Executive Officer and Director	President and Chief Executive Officer, Signal Gold	2019	1,829,771
Robert J. Dufour Ontario, Canada	Chief Financial Officer and Secretary	Chief Financial Officer and Corporate Secretary, Signal Gold	N/A	1,465,477
P.E. ("Ted") Kavanagh New York, USA	Director	Former Director of Metals & Mining Finance, Americas for Société Générale	2021	27,446
Lewis Lawrick <sup>(2)</sup> Ontario, Canada	Director	President & CEO of Magna Terra Minerals Inc. and Managing Director of Thorsen-Fordyce Merchant Capital Inc. (private investment company)	2007	3,106,821 <sup>(2)</sup>

<b>Name and Province/State and Country of Residence</b>	<b>Position</b>	<b>Principal Occupation</b>	<b>Year Became a Director</b>	<b>Number of Common Shares Beneficially Owned, or Controlled or Directed<sup>(1)</sup></b>
Mary-Lynn Oke Ontario, Canada	Director and Non- Executive Chairman	Director, Jaguar Mining Inc., Finance Consultant	2020	210,661
Ian Pritchard Ontario, Canada	Director	Senior VP Technical Services, Troilus Gold, and Chief Operating Officer, Belo Sun Mining	2023	Nil

Notes:

- (1) The information as to the number of common shares of the Company beneficially owned, or controlled or directed, directly or indirectly, by the directors and executive officers, but which are not registered in their names and not being within the knowledge of the Company, has been furnished by such directors and executive officers.
- (2) Mr. Lawrick beneficially holds 1,973,995 common shares through Thorsen-Fordyce Merchant Capital Inc., a private company controlled by Mr. Lawrick, and 2,375 common shares through VLL Investments Inc., a private company controlled by Mr. Lawrick and 1,130,451 personally.

Each of the foregoing individuals has been engaged in the principal occupation set forth above opposite his name during the past five years or in a similar capacity with a predecessor organization.

As at the date of this AIF, the directors and executive officers of the Company as a group, beneficially owned, or controlled or directed, directly or indirectly, 6,640,176 common shares of the Company, being approximately 3.4% of the issued and outstanding common shares. The information as to the number of common shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by the directors and executive officers, but which are not registered in their names and not being within the knowledge of the Company, has been furnished by such directors and officers.

The committees of the Board of Directors are constituted as follows:

<b>Corporate Governance</b>	<b>Audit</b>	<b>Compensation</b>	<b>Safety</b>
Lewis Lawrick (Chair) Ian Pritchard Mary-Lynn Oke	Mary-Lynn Oke (Chair) Lewis Lawrick Ted Kavanagh	Lewis Lawrick (Chair) Ian Pritchard Mary-Lynn Oke	Kevin Bullock (Chair) Ian Pritchard Ted Kavanagh

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

The following information has been furnished by the directors and executive officers of the Company. No director or executive officer of the Company is, as at the date hereof or has been, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company), that:

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

No director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date hereof, or has been within the 10 years before the date hereof, 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
- (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Conflicts of Interest**

To the best knowledge of the Company, and other than disclosed in this AIF, there are no known existing or potential conflicts of interest between the Company and any of its directors or officers except that certain of the directors and officers of the Company and its subsidiaries also serve as directors, officers and/or advisors of and to other companies involved in natural resource exploration and development. Consequently, there exists the possibility for such directors and officers to be in a position of conflict.

Lewis Lawrick is the President, Chief Executive Officer of Magna Terra. The Company owns a 18.9% interest in Magna Terra. Mr. Lawrick has declared his interest to the board of directors of the Company with respect to their involvement with Magna Terra and have refrained from voting on all matters related to Magna Terra at any meetings of the board of directors of Signal Gold.

The Company expects that any decision made by any such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest or which are governed by the procedures set forth in the *Business Corporations Act* (Ontario) and any other applicable law.

### **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

There are no material legal proceedings or regulatory actions that the Company is or was a party to, or that any of its property is or was the subject of, since the beginning of its most recently completed financial year. In addition, the Company is not aware of any such proceedings known to be contemplated.

### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

No director or executive officer, or person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of common shares, or any associates or affiliate thereof, has or has had any material interest, direct or indirect, in any transaction of the Company within the three most recently completed fiscal years and during the current fiscal year that has materially affected or is reasonably expected to materially affect the Company.

## TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the common shares is TSX Trust Company at its office in Toronto, Ontario.

## MATERIAL CONTRACTS

Except for the Credit Facility with Nebari (see “Three Year History – Recent Developments”) and contracts entered into in the ordinary course of business and not required to be filed under Section 12.2 of National Instrument 51-102 – Continuous Disclosure Obligations (“NI 51-102”), there are no contracts which are regarded as material which are still in effect and which were entered into by the Company prior to the date of this AIF.

## INTERESTS OF EXPERTS

### Names and Interests of Experts

The following are the qualified persons involved in preparing the NI 43-101 Technical Report, or who certified a statement, report or valuation from which certain scientific and technical information contained in this AIF has been derived, relating to the Goldboro Project (the Company’s material mineral project), and in some instances extracted from:

- **Goldboro Technical Report:** Joanne Robinson, P. Eng., Steve Pumphrey, P. Eng., Harold Harkonen, P. Eng., each of Nordmin Engineering Ltd.; João Paulo dos Santos, MAusIMM (CP), of Optimize Group Inc.; Timo Kirchner, P.Geo., of Lorax Environmental; Tommaso Roberto Raponi, P.Eng., of Ausenco Engineering Canada Inc.; Reagan McIsaac, Ph.D., P.Eng., of Knight Piésold Ltd.; Andrew Betts, P.Eng., and Jeff Parks, P.Geo., of GHD, and Glen Kuntz, P.Geo., all who are independent of the Company as defined by NI 43-101.

Each of the named experts held, directly or indirectly, less than one percent of the Company’s issued and outstanding common shares at the time of the preparation of the Goldboro Technical Report. Each author has reviewed and approved the technical and scientific information include in this AIF, which has been summarized from the Goldboro Technical Report. Paul McNeill, P. Geo. and Kevin Bullock, P. Eng., have also reviewed other technical and scientific information included in this AIF, which is not summarized from the Goldboro Technical Report.

The Company’s auditors are PricewaterhouseCoopers LLP, Chartered Professional Accountants, who have prepared an independent auditor’s report dated March 2, 2023, in respect of the Company’s consolidated financial statements as at and for the year ended December 31, 2022 and December 31, 2021. PricewaterhouseCoopers LLP has advised that they are independent to the Company within the meaning of the Chartered Professional Accountants of Ontario CPA Code of Professional Conduct.

## AUDIT COMMITTEE INFORMATION

The following information is provided in accordance with Form 52-110F1 – *Audit Committee Information Required in an AIF* under the National Instrument 52-110 – *Audit Committees* (“NI 52-110”). The full text of the Audit Committee Charter, as passed by the Board, is attached hereto as Appendix “A”.

### The Audit Committee’s Charter

The Audit Committee has adopted a written charter setting out its purpose, which is to oversee all material aspects of the Company’s financial reporting, control and audit functions. The Audit Committee is responsible for, among other matters, (a) monitoring the performance and independence of the Company’s external auditors, (b) reviewing certain public disclosure documents, and (c) monitoring the Company’s systems and procedures for financial reporting and internal control.

### Composition of the Audit Committee

As at the date of this AIF, the Audit Committee is composed of the following three directors: Ms. Oke (Chair), Kavanagh and Lawrick, all of whom are considered “independent” and “financially literate” (as such terms are defined in NI 52-110).

## Relevant Education and Experience

Each member of the Audit Committee is financially literate, meaning each member, can 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 the Company's financial statements and understands internal controls and procedures for financial reporting. Collectively, the Audit Committee has the education and experience to fulfill the responsibilities outlined in the Audit Committee Charter.

The education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member are summarized below:

<b>Name</b>	<b>Education and Experience</b>
Mary-Lynn Oke (Chair)	Chartered Professional Accountant (2000) – CPA Ontario Currently Finance Consultant Previously Vice President of Finance and Chief Financial Officer, Manitoba Business Unit for HudBay Minerals Inc., from 2012 to 2018
Ted Kavanagh	Director, Mining and Metals Finance Group at Societe Generale from 2013 to 2021 Director, Mining and Metals at Standard Bank from 2008 to 2013 Senior VP, Mining and Metals at HSBC Securities (USA) Inc. from 2002 to 2008 Bachelor of Science (Hons) from Western University and Masters from Dartmouth College
Lewis Lawrick	President & CEO, Magna Terra Minerals Inc. (2012 – Present) President, VLL Investments Inc. (1994 – Present) Managing Director, Thorsen-Fordyce Merchant Capital Inc. (2005 – Present)

## Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on any of the exemptions regarding the Audit Committee provided in NI 52-110.

## Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year has there been a recommendation of the Audit Committee to nominate or compensate an external auditor that was not adopted by the board of directors.

## Pre-Approval Policies and Procedures

The Audit Committee's Charter sets out responsibilities regarding the provision of non-audit services by the Company's external auditors. This policy requires Audit Committee pre-approval of permitted non-audit services.

## External Auditor Service Fees (By Category)

For the fiscal years ended December 31, 2022 and December 31, 2021, PricewaterhouseCoopers LLP received fees from the Company as detailed below:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
	<b>\$</b>	<b>\$</b>
Audit Fees <sup>(1)</sup>	<b>294,146</b>	229,464
Audit Related Fees <sup>(2)</sup>	-	8,453
Tax Fees <sup>(3)</sup>	<b>62,945</b>	28,516
<b>Total Fees</b>	<b>357,091</b>	266,433

- (1) Audit fees include fees for services rendered by the external auditor in relation to the quarterly reviews and annual audit of the Company's financial statements and in connection with the Company's statutory and regulatory filings, including out-of-pocket expenses of \$3,445.
- (2) Audit related fees relates to the Future Skills Center Funding and Expense audit, relating to funding provided by the Government of Canada for a project entitled "Creating a Microlearning Model for the Canadian Mining Industry".
- (3) Tax fees are comprised of fees for tax services, including tax compliance, tax advice and tax planning.

## **ADDITIONAL INFORMATION**

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is contained in the Company's information circular for the annual and special meeting of shareholders held on May 12, 2022 available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information relating to the Company, including the audited financial statements and management's discussion and analysis for the fiscal year ended December 31, 2022, may be found under the Signal Gold profile on SEDAR at [www.sedar.com](http://www.sedar.com).



## **SCHEDULE “A”**

### **AUDIT COMMITTEE CHARTER**

#### **1. Purpose and Objectives**

The purpose of the Audit Committee (the “Committee”) is to:

- (a) assist the board of directors' (the “Board”) oversight of the Company's financial integrity, specifically:
  - (i) the integrity of the Company’s financial statements and other financial reporting;
  - (ii) the independent auditor's qualifications and independence;
  - (iii) the Company’s compliance with legal and regulatory requirements; and
  - (iv) any other matters as defined by the Board.
- (b) manage, on behalf of the shareholders, the relationship between the Company and the external auditors by:
  - (i) recommending to the Board the nomination and remuneration of the external auditors;
  - (ii) overseeing the work of the external auditors for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, including the resolution of any disagreements between management and the external auditor regarding financial reporting;
  - (iii) pre-approving all non-audit services to be provided to the Company or its subsidiaries by the Company’s external auditor; and
  - (iv) managing the relationship and facilitating communication between the Company and the external auditors.
  - (v) prepare any report that is required to be included in the Company’s annual information form (“AIF”) relating to the Committee.

#### **2. Authority**

The Board authorizes the Committee, within the scope of its responsibilities, to seek any information it requires from any employee and from the external auditors, to retain outside legal or professional counsel and other experts and to ensure the attendance of the Company’s officers at meetings as appropriate.

#### **3. Organization**

##### **(a) Membership**

- (i) The Committee shall be comprised of at least three members, appointed annually by the Board and each member shall be:
  - (A) neither an officer or employee of the Company or any of its affiliates;
  - (B) “independent” as defined in National Instrument 52-110 – Audit Committees (“NI-52-110”), in that they are free from any direct or indirect material relationship that, in the opinion of the Board, would reasonably interfere with the exercise of independent judgement as a member of the Committee; and
  - (C) “unrelated” members for the purposes of the Toronto Stock Exchange Corporate Governance Guidelines.
- (ii) No member of the Committee may serve as a consultant or service provider to the Company.
- (iii) All members of the Committee must be “financially literate” as defined in NI 52-110.
- (iv) At least one member of the Committee must possess accounting or related financial expertise and shall have:
  - (A) an understanding of financial statements and the generally accepted accounting principles used by the Company to prepare its financial statements;
  - (B) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and mineral reserves;

- (C) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities;
  - (D) an understanding of internal controls and procedures for financial reporting; and
  - (E) an understanding of audit committee functions.
- (v) The financial expertise referred to in subsection (iv) must have been acquired through educational means alone, or in combination with a complex financial or accounting employment background.
- (vi) A Chair shall be appointed by the Committee.
- (vii) A quorum for any meeting shall be two members.
- (viii) The secretary of the Committee shall be such person as nominated by the Chairman.
- (b) Committee Meetings
  - (i) The time and place of all Committee meetings shall be determined by the Committee, provided that meetings are held at least quarterly. Special meetings shall be convened as required.
  - (ii) Matters reported to the Committee or submitted for consideration shall be reported or submitted together with all necessary information and documentation prior to the Committee meetings.
  - (iii) The Committee shall be provided quarterly financial statements, including a comparison of current period actual results to budget and prior year, as well as certain operating statistics and analyses as the Committee may require from time to time.
  - (iv) The external auditor of the Company shall be given notice of every meeting of the Committee and, the expense of the Company, shall be entitled to attend and be heard thereat.
  - (v) Any member of the Committee or the external auditor may call a meeting of the Committee.
  - (vi) The Committee may invite such other persons (e.g. the CEO) to its meetings, as it deems appropriate.
  - (vii) The proceedings of all meetings will be recorded in the minutes.

#### **4. Reporting to the Board**

The Committee shall report to the Board following every meeting and at such other times as the Chair of the Committee may determine appropriate.

#### **5. Remuneration of Committee Members**

- (a) No member of the Committee may earn fees from the Company or any of its subsidiaries other than directors' fees (which fees may include cash and/or securities or options or other in-kind consideration ordinarily available to directors, as well as all of the regular benefits that other directors receive).
- (b) For greater certainty, no member of the Committee shall accept any consulting, advisory or other compensatory fee from the Company.

#### **6. Duties and Responsibilities**

- (a) Financial Information
  - (i) Annual Financial Statements: Before the release of the Company's annual financial statements and related management's discussion and analysis ("MD&A"), press release and AIF the Committee shall meet with management and the external auditors to review and discuss the contents of those documents. The Committee shall then present a report to the Board based on this review.

- (ii) Interim Financial Statements: Before the release of the Company's interim financial statements and related MD&A and press release, the Committee shall review those documents. They shall then provide a report to the Board based on this review.
  - (iii) Review Procedures: The Committee must establish procedures and periodically assess such procedures for review of the Company's disclosure of financial information extracted or derived from the Company's financial statements.
  - (iv) Accounting Treatment: The Committee shall review and discuss with management and the external auditors:
    - (A) the quality of the Company's accounting principles and financial statement presentations, including any significant accounting changes and the Company's application or selection of accounting principles;
    - (B) any analysis prepared by management and/or the external auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including all alternative treatments of financial information within GAAP that the external auditor has discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditor;
    - (C) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures on the financial statements of the Company; and
    - (D) any material written communications between the external auditor and the Company including any management letter or schedule of unadjusted differences.
- (b) Disclosure of Other Information
- (i) The Committee shall review:
    - (A) the types of information to be disclosed and the type of presentation to be made in connection with earnings press releases; and
    - (B) financially related press releases (paying particular attention to any use of "pro forma" or "adjusted" non-GAAP information).
- (c) External Auditor
- (i) External auditors shall report directly to the Committee, and provide to them an annual audit plan for approval.
  - (ii) The Committee shall:
    - (A) Make recommendations to the Board as to the selection of the firm of independent public accountants to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;
    - (B) Review and approve the Company's independent auditors' annual engagement letter and audit plan, including the proposed fees contained therein, and make recommendations thereon to the Board;
    - (C) Review the performance of the Company's independent auditors and make recommendations to the Board regarding the replacement or termination of the independent auditors when circumstances warrant; and
    - (D) Oversee the independence of the Company's independent auditors by, among other things:
      - (1) Recommending approval by the Board of the appointment, compensation and work carried out by the independent auditors, including the provision of both audit related and non-audit related services to the Company or any of its subsidiaries.

- (2) Requiring the independent auditors to deliver to the Committee, at least annually, a formal written statement delineating all relationships between the independent auditors and the Company and confirming their independence from the Company.
- (3) Actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact upon the objectivity and independence of the independent auditors and recommending that the Board take appropriate action to satisfy itself of the auditors' independence.

(d) Financial Risks

Financial Risks: The Committee shall meet periodically with management to discuss and review the current areas of greatest financial risk and whether management is managing these effectively.

(e) Planned Decisions

The Committee shall discuss and review planned decisions, including but not limited to strategic initiatives, management's plans to access the equity and debt markets, major transactions and significant related party or other contracts or negotiations.

(f) Legal and Regulatory Compliance

The Committee shall review any legal matters which could significantly impact the financial statements as reported on by the general counsel and meet with outside counsel whenever deemed appropriate. In addition, the Committee shall obtain regular updates from management and the Company's legal counsel regarding compliance matters, as well as certificates from the Chief Financial Officer as to required D - 6 statutory payments and bank covenant compliance and from senior operating personnel as to permit compliance.

(h) Annual Budget

The Committee shall work with the Board to determine an appropriate annual budget for the Committee and its required activities, including but not limited to the compensation of the external auditors and any outside counsel or other experts retained by the committee.

## 7. Complaint Procedure

The Committee shall put in place procedures to deal with:

- (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters.
- (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- (iii) The Committee shall support the auditor, when appropriate, when issues arise, and management and the auditor disagree.

## 8. Hiring Policies

The Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and any former external auditors of the Company.

## 9. Review and Amendments to the Charter

- (a) By the Committee: The Committee shall review this Charter annually and recommend to the Board any amendments it considers appropriate or desirable.
- (b) By the Board: The Board shall review and reassess the adequacy of this Charter annually or whenever necessary and shall consider all recommendations received by it from the Committee.