



## RELATED PARTY TRANSACTION POLICY (the "Policy")

(Adopted on [●], 2022)

### 1. PURPOSE AND SCOPE

The Company recognizes that a Related Party Transaction, as defined in paragraph 2(c) herein, can present potential or actual conflicts of interest, creating the appearance that decisions are based on considerations other than the long-term best interests of the Company. The policy of the Board of Directors (the "Board") of the Company is that all Related Party Transactions are subject to approval or ratification in accordance with this Policy.

This Policy applies to all transactions that the Company enters into with a Related Party.

### 2. DEFINITIONS

For the purposes of this Policy, the following terms shall mean:

- (a) "**Market Terms and Conditions**" means terms and conditions, including those related to price, rent or interest rate, that might reasonably be expected to apply in a similar transaction in an open market under conditions comparable to a fair transaction between parties who deal at arm's length and who are acting prudently, knowledgeably, and willingly;
- (b) "**Related Party**" means a person, other than a person that is solely a bona fide lender, that, at the relevant time and after reasonable inquiry, is known by the Company or a director or senior officer of the Company to be: (a) a control person of the Company, (b) a person of which a person referred to in paragraph (a) is a control person, (c) a person of which the Company is a control person, (d) a person that has (i) beneficial ownership of, or control or direction over, directly or indirectly, or (ii) a combination of beneficial ownership of, and control or direction over, directly or indirectly, securities of the Company carrying more than 10% of the voting rights attached to all the Company's outstanding voting securities; (e) a director or senior officer of (i) the Company, or (ii) a person described in any other paragraph of this definition, (f) a person that manages or directs, to any substantial degree, the affairs or operations of the Company under an agreement, arrangement or understanding between the person and the Company, including the general partner of a Company that is a limited partnership, but excluding a person acting under bankruptcy or insolvency law, (g) a person of which persons described in any paragraph of this definition beneficially own, in the aggregate, more than 50% of the securities of any outstanding class of equity securities, or (h) an affiliated Company of any person described in any other paragraph of this definition; and
- (c) "**Related Party Transaction**" means, for a Company, a transaction between the Company and a person that is a Related Party of the Company at the time the transaction is agreed to, whether or not there are also other parties to the transaction, as a consequence of which, either through the transaction itself or together with connected transactions, the Company directly or indirectly (a) purchases or acquires an asset from the Related Party for valuable consideration, (b) purchases or acquires, as a joint actor with the Related Party, an asset from a third party if the proportion of the

asset acquired by the Company is less than the proportion of the consideration paid by the Company, (c) sells, transfers or disposes of an asset to the Related Party, (d) sells, transfers or disposes of, as a joint actor with the Related Party, an asset to a third party if the proportion of the consideration received by the Company is less than the proportion of the asset sold, transferred or disposed of by the Company, (e) leases property to or from the Related Party, (f) acquires the Related Party, or combines with the Related Party, through an amalgamation, arrangement or otherwise, whether alone or with joint actors, (g) issues a security to the Related Party or subscribes for a security of the Related Party, (h) amends the terms of a security of the Company if the security is beneficially owned, or is one over which control or direction is exercised, by the Related Party, or agrees to the amendment of the terms of a security of the Related Party if the security is beneficially owned by the Company or is one over which the Company exercises control or direction, (i) assumes or otherwise becomes subject to a liability of the Related Party, (j) borrows money from or lends money to the Related Party, or enters into a credit facility with the Related Party, (k) releases, cancels or forgives a debt or liability owed by the Related Party, (l) materially amends the terms of an outstanding debt or liability owed by or to the Related Party, or the terms of an outstanding credit facility with the Related Party, or (m) provides a guarantee or collateral security for a debt or liability of the Related Party, or materially amends the terms of the guarantee or security.

### **3. PROCEDURES**

The Board shall review the material facts of all Related Party Transactions that are not pre-approved, as described below in section 4 and the Board shall either approve or disapprove of the Company's entry into the proposed Related Party Transaction. If Board approval in advance of a Related Party Transaction is not feasible, then the Company's management team shall consider the Related Party Transaction and, if the Board determines that it is appropriate, the Board shall ratify the Related Party Transaction at the Board's next regularly scheduled meeting. In determining whether to approve or ratify a Related Party Transaction, the Board shall take into account the following, among other factors it deems appropriate:

- (a) Market Terms and Conditions generally available to an unaffiliated third-party under the same or similar circumstances;
- (b) the commercial reasonableness of the terms of the Related Party Transaction;
- (c) the business reasons for entering into the Related Party Transaction;
- (d) the materiality of the Related Party Transaction on the Company's financial position and changes in the financial position reported in financial statements;
- (e) the extent of the Related Party's interest in the transaction; and
- (f) the actual or apparent conflict of interest of the Related Party participating in the Related Party Transaction.

The Board shall review each new Related Party Transaction in connection with each regularly scheduled meeting of the Board. The Board shall either ratify or rescind any Related Party Transactions entered into by the Company prior to the adoption date of this Policy. A Related Party Transaction is approved by a vote of the majority of directors that are not Related Parties to the particular Related Party Transaction at a meeting of the Board.

No director shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the director shall provide all material information concerning the Related Party Transaction to the Board and may otherwise participate in some or all of the Board's discussion if so requested by the Board.

If a Related Party Transaction is ongoing, the Board may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Board, on at least an annual basis, shall:

- (a) review and assess ongoing dealings with the Related Party to determine if they are in compliance with the guidelines established by the Board; and
- (b) determine whether the Related Party Transaction remains appropriate.

#### **4. PRE-APPROVAL FOR CERTAIN RELATED PARTY TRANSACTIONS**

The following types of transactions are deemed to be pre-approved by the Board (“**Pre-Approved Transactions**”), have not been reviewed by the Board and do not require approval or ratification:

- (a) executive officer and director compensation approved by the Board;
- (b) transactions in which the Related Party’s interest is derived solely from his or her direct or indirect ownership of an entity (other than a general partnership) that is a party to the transaction when such ownership is less than ten percent (10%) of the equity interest of such entity;
- (c) transactions that involve providing business consulting, legal or accounting services to the Company where the services are provided by a company or partnership of which a director or officer or the Company is a partner or employee, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business; and
- (d) indemnification and advancement of expenses made pursuant to the Corporation’s Articles of Incorporation or Bylaws or pursuant to any agreement.

The Chief Executive Officer shall report pre-approved Related Party Transactions to the Board on an annual basis.

#### **5. COMPLIANCE AND DISCLOSURE**

All Related Party Transactions shall be concluded in accordance with applicable laws and regulations, including Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

All Related Party Transactions shall be disclosed to the Board.

Disclosure is required for any Related Party Transaction that have had or could have a material financial effect on the Company’s financial statements. All Related Party Transactions shall be disclosed in the applicable filings made by the Company pursuant to the applicable laws and regulations, including TSX V Policy 3.3 – *Timely Disclosure* and National Instrument 51-102 – *Continuous Disclosure Obligations*.

Disclosure must include complete and transparent information about the Related Party Transaction, including information regarding the relationships between the parties, the business purpose of the Related Party Transaction, and reference to Market Terms and Conditions when applicable. Information such as the basis of measurement used, terms and conditions, contingent liabilities and items of a similar nature should be disclosed when appropriate.

Any Related Party Transaction where there is a discrepancy between Market Terms and Conditions and the actual terms and conditions arrived at should be disclosed in the financial statements of the Company. Any information that could contribute to a shareholder’s understanding of the operating environment and the financial statements of the Company, further enabling shareholders to compare the Company’s financial position and changes in the financial position against other companies, should be disclosed.