

# YO ELEVEN GAMING INC.

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “**Meeting**”) of the Shareholders of **YO ELEVEN GAMING INC.** (the “**Company**”) will be held on **Monday, December 16, 2024**, at Suite 575, 510 Burrard Street, Vancouver, BC, V6C 3A8 at the hour of 11:00 a.m. (Vancouver time), for the following purposes:

1. To receive and consider the audited financial statements of the Company for the fiscal year ended December 31, 2023, and the Auditor’s Report thereon;
2. To fix the number of Directors for the ensuing year at five (5);
3. To elect Directors for the ensuing year;
4. To re-appoint Smythe LLP, Chartered Professional Accountants, as the Company’s Auditor for the ensuing year and to authorize the Directors to fix the remuneration to be paid to the Auditor;
5. To consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to re-approve the Company’s 10% rolling stock option plan, as more fully described in the Information Circular; and
6. To transact such other business as may properly come before the Meeting.

Accompanying this Notice is an Information Circular and Proxy with notes to Proxy.

Shareholders unable to attend the Meeting in person should read the notes accompanying the enclosed Proxy and complete and return the Proxy to the Company’s Registrar and Transfer Agent within the time and to the location set out in the said notes to the Proxy.

The enclosed Proxy is solicited by Management, and you may amend it, if you so desire, by striking out the names listed therein and inserting in the space provided the name of the person you wish to represent you at the Meeting.

DATED at Vancouver, British Columbia, this 1<sup>st</sup> day of November, 2024.

BY ORDER OF THE BOARD,

***“Jake H. Kalpakian”***

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Jake H. Kalpakian  
President & CEO

**YO ELEVEN GAMING INC.**

Suite 575 – 510 Burrard Street

Vancouver, BC V6C 3A8

Tel: (604) 681-0204

Fax : (604) 681-9428

**INFORMATION CIRCULAR**

(containing information as at November 1, 2024 unless indicated otherwise)

**For the Annual General Meeting  
to be held on Monday, December 16, 2024**

**SOLICITATION OF PROXIES**

**This Information Circular is furnished in connection with the solicitation of proxies by the Management of YO ELEVEN GAMING INC. (the “Company”), for use at the Annual General Meeting (the “Meeting”), of the Shareholders of the Company, to be held on Monday, the 16<sup>th</sup> day of December, 2024, at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof. The enclosed Instrument of Proxy is solicited by management of the Company. The solicitation will be primarily by mail, however, proxies may be solicited personally or by telephone by the regular officers and employees of the Company. The cost of solicitation will be borne by the Company.**

**APPOINTMENT AND REVOCATION OF PROXIES**

**The persons named in the accompanying form of Proxy are directors and/or officers of the Company. A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR HIM ON HIS BEHALF AT THE MEETING OTHER THAN THE PERSONS NAMED IN THE ENCLOSED INSTRUMENT OF PROXY. TO EXERCISE THIS RIGHT, A SHAREHOLDER SHALL STRIKE OUT THE NAMES OF THE PERSONS NAMED IN THE INSTRUMENT OF PROXY AND INSERT THE NAME OF HIS/HER NOMINEE IN THE BLANK SPACE PROVIDED, OR COMPLETE ANOTHER INSTRUMENT OF PROXY. A PROXY WILL NOT BE VALID UNLESS IT IS DEPOSITED WITH THE COMPANY’S REGISTRAR AND TRANSFER AGENT, COMPUTERSHARE INVESTOR SERVICES INC., 100 UNIVERSITY AVENUE, 9TH FLOOR, TORONTO, ONTARIO, M5J 2Y1, OR BY TOLL-FREE FAX AT 1-866-249-7775 NOT LESS THAN 48 HOURS (EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS) BEFORE THE TIME OF THE MEETING OR ADJOURNMENT THEREOF.**

The Instrument of Proxy must be signed and dated by the Shareholder or by his attorney in writing, or, if the Shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer.

A Shareholder who has given a proxy may revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or by his attorney authorized in writing, or, if the Shareholder is a corporation, it must either be under its common seal, or signed by a duly authorized officer and deposited at the Company’s Registrar and Transfer Agent, Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of it, at which the proxy is to be used, or to the Chairperson of the Meeting on the day of the Meeting or any adjournment of it. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

**VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES**

On any poll, the persons named in the enclosed Instrument of Proxy will vote the shares in respect of which they are appointed. Where directions are given by the Shareholder in respect of voting for or against any resolution, the proxy holder will do so in accordance with such direction.

IN THE ABSENCE OF ANY INSTRUCTION IN THE PROXY, IT IS INTENDED THAT SUCH SHARES WILL BE VOTED IN FAVOUR OF THE MOTIONS PROPOSED TO BE MADE AT THE MEETING AS STATED UNDER THE HEADINGS IN THIS INFORMATION CIRCULAR. The Instrument of Proxy enclosed, when properly signed, confers discretionary authority with respect to amendments or variations to the matters which may properly be brought before the Meeting. At the time of printing/posting this Information Circular, the Management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters which are not now known to the Management should properly come before the Meeting, the Proxies hereby solicited will be exercised on such matters in accordance with the best judgment of the nominee.

In order to approve a motion proposed at the Meeting, a majority of greater than one-half of the votes cast will be required (an “**Ordinary Resolution**”) unless the motion requires a Special Resolution, in which case a majority of not less than two thirds of the votes cast will be required. In the event a motion proposed at the Meeting requires disinterested Shareholder approval, common shares (“**Common Shares**”) held by Shareholders of the Company who have an interest in the motion and their “associates”, as such term is defined under applicable securities laws, will be excluded from the count of votes cast on such motion.

### **ADVICE TO BENEFICIAL SHAREHOLDERS**

**The information set forth in this section is of significant importance to many Shareholders as a substantial number of Shareholders do not hold Common Shares in their own name.** Shareholders who do not hold their Common Shares in their own name (referred to in this information circular as “**Beneficial Shareholders**”) should note that only proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those Common Shares will not be registered in the Shareholder’s name on the records of the Company. Such Common Shares will more likely be registered under the name of the Shareholder’s broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). The Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents are prohibited from voting shares for the broker’s clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders’ meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. The purpose of the form of proxy or voting instruction form provided to a Beneficial Shareholder by its broker, agent or nominee is limited to instructing the registered holder of the Common Shares on how to vote such shares on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications (“**Broadridge**”). Broadridge typically supplies a voting instruction form, mails those forms to Beneficial Shareholders and asks those Beneficial Shareholders to return the forms to Broadridge or follow specific telephone or other voting procedures. Broadridge then tabulates the results of all instructions received by it and provides appropriate instructions respecting the voting of the shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction form from Broadridge cannot use that form to vote Common Shares directly at the Meeting. Instead, the voting instruction form must be returned to Broadridge or the alternate voting procedures must be completed well in advance of the Meeting in order to ensure such Common Shares are voted.**

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purpose of voting Common Shares registered in the name of their broker, agent or nominee, a Beneficial Shareholder may attend the Meeting as a proxyholder for a Shareholder and vote Common Shares in that capacity. Beneficial Shareholders who wish to attend the

Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should contact their broker, agent or nominee well in advance of the Meeting to determine the steps necessary to permit them to indirectly vote their Common Shares as a proxyholder.

All references to Shareholders in this Information Circular and the accompanying form of proxy are to registered Shareholders unless specifically stated otherwise.

### **NOTICE AND ACCESS**

Effective February 11, 2013, the Canadian Securities Administrators adopted regulatory amendments to securities laws governing the delivery of proxy-related materials by public companies. As a result, public companies are now permitted to advise their shareholders of the availability of all proxy-related materials on an easily accessible website, rather than mailing physical copies of materials.

The Company elected to use the “notice and access” provisions under National Instrument 54-101 for the Meeting and has decided to deliver the Meeting materials to Shareholders by posting the Meeting materials on its website ([www.yoelevengaming.com/annual-general-meeting](http://www.yoelevengaming.com/annual-general-meeting)) as of November 12, 2024, and will remain on the website for one full year thereafter. The Meeting materials will also be available on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca) as of November 12, 2024.

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

The Company’s authorized capital consists of an unlimited number of Common Shares without par value. As at November 1, 2024 (the “**Record Date**”), the Company has 26,201,931 Common Shares issued and outstanding, each share carrying the right to one vote.

Any Shareholder of record at the close of business on the Record Date who either personally attends the Meeting or who has completed and delivered a Proxy in the manner and subject to the provisions described above, shall be entitled to vote or to have such Shareholder’s shares voted at the Meeting or adjournment thereof.

To the best of the knowledge of Yo Eleven’s directors and senior officers, the only persons or corporations who beneficially own, directly or indirectly, or exercises control or direction over, 10% or more of the issued and outstanding of Yo Eleven Common Shares as of the Record Date are:

Name of Yo Eleven Shareholder	Number of Yo Eleven Shares	Percentage of Issued and Outstanding Yo Eleven Common Shares
AlphaNorth Partners Fund Inc., AlphaNorth Asset Management Inc. and Value Preservation Fund Toronto, Ontario, Canada	5,536,367	21.1%
Jake H. Kalpakian Vancouver, British Columbia, Canada	2,745,892 <sup>(1)</sup>	10.5%

(1) Of these shares, 1,050,066 Common Shares are held by Jake H. Kalpakian directly, 1,694,766 Common Shares are held by private companies which are controlled by and in which Jake H. Kalpakian is the principal shareholder and 1,060 Common Shares are held by a family member of Jake H. Kalpakian.

## **EXECUTIVE COMPENSATION**

In accordance with the provisions of applicable securities legislation, the Company had two "Named Executive Officers" during the financial year ended December 31, 2023, namely Mr. Jake Kalpakian, President, CEO and a director of the Company and Mr. Neil Spellman, CFO and a director of the Company.

### **Definitions: For the purpose of this Information Circular:**

**"CEO"** means an individual who acted as chief executive officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

**"CFO"** means an individual who acted as chief financial officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

**"COO"** means an individual who acted as chief operating officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

**"closing market price"** means the price at which the company's security was last sold, on the applicable date,

- (a) in the security's principal marketplace in Canada, or
- (b) if the security is not listed or quoted on a marketplace in Canada, in the security's principal marketplace;

**"company"** includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

**"equity incentive plan"** means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of IFRS 2 *Share-based Payment*;

**"grant date"** means a date determined for financial statement reporting purposes under IFRS 2 *Share-based Payment*;

**"incentive plan"** means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

**"incentive plan award"** means compensation awarded, earned, paid, or payable under an incentive plan;

**"NEO" or "Named Executive Officer"** means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of National Instrument 51-102, for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year;

**"NI 52-107"** means National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;

**"non-equity incentive plan"** means an incentive plan or portion of an incentive plan that is not an equity incentive plan;

**“option-based award”** means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features;

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

**“replacement grant”** means an option that a reasonable person would consider to be granted in relation to a prior or potential cancellation of an option;

**“repricing”** means, in relation to an option, adjusting or amending the exercise or base price of the option, but excludes any adjustment or amendment that equally affects all holders of the class of securities underlying the option and occurs through the operation of a formula or mechanism in, or applicable to, the option;

**“share-based award”** means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

## **CURRENCY**

All currency amounts in this Information Circular are in Canadian currency unless otherwise stated.

## **COMPENSATION DISCUSSION AND ANALYSIS**

The Company’s executive officers do not currently receive any compensation but may, in the future, receive a base salary in recognition for discharging job responsibilities and that reflects the officer’s performance over time, as well as that individual’s particular experience and qualifications. If paid in the future, an officer’s base salary will be reviewed by the Board of Directors on an annual basis and may be adjusted to take into account performance contributions for the year and to reflect sustained performance contributions over a number of years. Officers are also eligible to receive discretionary bonuses as determined by the Board of Directors based on each officer’s responsibilities, his achievement of corporate objectives and the Company’s financial performance.

In addition, officers are eligible under the Company’s Stock Option Plan (the "Stock Option Plan") to receive grants of stock options. The Stock Option Plan is an important part of the Company’s long-term incentive strategy for its officers, permitting them to participate in any appreciation of the market value of the Common Shares over a stated period of time. The Stock Option Plan is intended to reinforce commitment to long-term growth in profitability and shareholder value. The size of stock option grants to officers is dependent on each officer's level of responsibility, authority and importance to the Company and the degree to which such officer's long-term contribution to the Company will be key to its long-term success.

In setting compensation and bonus levels, the Board has not yet established any formal objectives or criteria as the Company’s current stage of development and financial resources requires flexibility in determining remuneration for its NEO’s. The Board will, as circumstances require, review and consider the general risks associated with the Company's compensation policies and strategies in terms of compensation paid or proposed to be paid to its NEO’s.

The Board of Directors has not conducted a formal evaluation of the implications of the risks associated with the Company’s compensation policies. Risk management is a consideration of the Board of Directors when implementing its compensation policies and the Board of Directors do not believe that the Company’s compensation policies result in unnecessary or inappropriate risk-taking including risks that are likely to have a material adverse effect on the Company.

## Use of Financial Instruments

The Company does not have in place policies which restrict the ability of directors or Named Executive Officers to purchase financial instruments, such as prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by a director or Named Executive Officer. Any such purchases would be subject to applicable insider reporting requirements.

## Director and NEO Compensation, Excluding Compensation Securities

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by Yo Eleven to each current NEO and directors, in any capacity, for the financial years ended December 31, 2023 and 2022.

**Summary Compensation Table**

<b>Name and position</b>	<b>Financial Year</b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>Value of all other compensation (\$)</b>	<b>Total compensation (\$)</b>
Jake H. Kalpakian <i>President, CEO and Director</i>	2023	N/A	N/A	N/A	N/A	N/A	N/A
	2022	N/A	N/A	N/A	N/A	N/A	N/A
Neil Spellman <i>CFO and Director</i>	2023	N/A	N/A	N/A	N/A	N/A	N/A
	2022	N/A	N/A	N/A	N/A	N/A	N/A
Gregory T. McFarlane <i>Director</i>	2023	N/A	N/A	N/A	N/A	N/A	N/A
	2022	N/A	N/A	N/A	N/A	N/A	N/A
Alan Artunian <i>Director</i>	2023	N/A	N/A	N/A	N/A	N/A	N/A
	2022	N/A	N/A	N/A	N/A	N/A	N/A
Howard Blank <i>Director</i>	2023	N/A	N/A	N/A	N/A	N/A	N/A
	2022	N/A	N/A	N/A	N/A	N/A	N/A

## Option Based Awards

### Common Share Purchase Plan

The Company has in effect a stock option plan (the “Stock Option Plan”) in order to provide effective incentives to directors, officers, senior management personnel and employees of the Company and to enable the Company to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for the Company’s Shareholders. The Company has no equity compensation plans other than the Stock Option Plan. The Stock Option Plan is an important part of the Company’s long-term incentive strategy for its executive officers, permitting them to participate in any appreciation of the market value of the Common Shares over a stated period of time. The Stock Option Plan is intended to reinforce commitment to long-term growth in profitability and Shareholder value. The size of stock option grants to officers is dependent on each officer’s level of

responsibility, authority and importance to the Company and the degree to which such executive officer's long-term contribution to the Company will be key to its long-term success. Previous grants of stock options are taken into account when considering new grants.

**Outstanding Share-Based Awards and Option-Based Awards**

There were no outstanding share-based or option-based awards held by the NEO's and directors as at December 31, 2023.

**Incentive Plan Awards – Value Vested Or Earned During The Year**

For NEO's, no option-based awards or share based awards were vested or earned during the year ended December 31, 2023.

**Pension Plan Benefits**

No pension, retirement or deferred compensation plans, including defined contribution plans, have been instituted by the Company and none are proposed at this time.

**Termination and Change of Control Benefits**

There are no contracts, agreements, plans or arrangements that provide for payments to NEO's at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in a NEO's responsibilities.

**DIRECTOR COMPENSATION**

There was no compensation paid to Directors who were not NEO's for the financial year ended December 31, 2023.

During the financial year ended December 31, 2023, the Company had no standard arrangement pursuant to which directors were compensated by the Company for their services in their capacity as directors.

**MANAGEMENT CONTRACTS**

There are no management contracts currently in place.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION**

The following table sets forth information with respect to all compensation plans under which equity securities are authorized for issuance as of December 31, 2023:

**Equity Compensation Plan Information**

	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by security holders <sup>(1)</sup>	0	N/A	2,561,693



Equity compensation plans not approved by securityholders	N/A	N/A	N/A
TOTAL	0		2,561,693

(1) Represents the Company's Stock Option Plan. As at December 31, 2023, the Stock Option Plan reserves for issuance pursuant to stock options a maximum number of Common Shares as is equal to 10% of the outstanding Common Shares from time to time.

**INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS**

Other than “routine indebtedness” as defined in applicable securities legislation, since the beginning of the last fiscal year of the Company, none of the executive officers, directors or employees or any former executive officers, directors or employees of the Company or any proposed nominee for election as a director of the Company or any of their respective associates is or has been indebted to the Company or has been indebted to any other entity where that indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

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

Except as otherwise disclosed herein, none of:

- (a) the directors or senior officers of the Company at any time since the beginning of the last financial year of the Company;
- (b) the proposed nominees for election as a director of the Company; or
- (c) the associates or affiliates of the foregoing persons,

has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting exclusive of the election of directors or the appointment of auditors.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

For purposes of the following discussion, "Informed Person" means (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an Informed Person or a subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company, other than the voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Except as disclosed below, elsewhere herein or in the Notes to the Company's financial statements for the financial year ended December 31, 2023, none of:

- (a) the Informed Persons of the Company;
- (b) the proposed nominees for election as a director of the Company; or
- (c) the associates or affiliates of the foregoing persons,

has any material interest, direct or indirect, in any transaction since the commencement of the last financial year of the Company or in a proposed transaction which has materially affected or would materially affect the Company.

## **FINANCIAL STATEMENTS**

The audited financial statements of the Company for the period ended December 31, 2023 (the “**Financial Statements**”), together with the Auditor’s Report thereon, will be presented to Shareholders at the Meeting. The Financial Statements and the Auditor’s Report thereon together with Management’s Discussion and Analysis for the financial year ended December 31, 2023 are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). The Notice of Annual General Meeting of Shareholders, Information Circular, Request for Financial Statements (NI 51-102) and form of Proxy will be available from the Company’s Registrar and Transfer Agent, Computershare Investor Services Inc., 510 Burrard Street, 2nd floor, Vancouver, British Columbia, V6C 3B9, or from the Company's head office located at Suite 575 – 510 Burrard Street, Vancouver, British Columbia, V6C 3A8.

## **REQUEST FOR FINANCIAL STATEMENTS**

National Instrument 51-102 “Continuous Disclosure Obligations” sets out the procedures for a Shareholder to receive financial statements. If you wish to receive financial statements, you may use the enclosed form or provide instructions in any other written format. Registered Shareholders must also provide written instructions in order to receive the financial statements.

## **FIXING THE NUMBER OF DIRECTORS AND ELECTION OF DIRECTORS**

The persons named in the enclosed Instrument of Proxy intend to vote in favour of fixing the number of directors at five (5). Although Management is nominating five (5) individuals to stand for election, the names of further nominees for directors may come from the floor at the Meeting.

Each director of the Company is elected annually and holds office until the next Annual General Meeting of Shareholders unless his successor is duly elected or until his resignation as a director.

In the absence of instructions to the contrary, the shares represented by Proxy will be voted for the nominees herein listed. Management does not contemplate that any of the nominees will be unable to serve as a director.

## **INFORMATION CONCERNING NOMINEES SUBMITTED BY MANAGEMENT**

The following table sets out the names of the persons proposed to be nominated by Management for election as a director, the province or state and country in which each of them is ordinarily resident, the positions and offices which each presently holds with the Company, the period of time for which each of them has been a director of the Company, their respective principal occupations or employment during the past five years if such nominee is not presently an elected director and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular. All four nominees are currently directors of the Company.

The nominees for the office of director and information concerning them as furnished by the individual nominees are as follows:

<b>Name, Province and Country of Ordinary Residence and Positions Held with the Company</b>	<b>Principal Occupation<sup>(1)</sup></b>	<b>Date First Became a Director</b>	<b>No. of Shares Beneficially Owned, Directly or Indirectly</b>
Jake H. Kalpakian President, CEO and Director Vancouver, BC	President & CEO of Jackpot Digital Inc. since 1991 President & CEO of 37 Capital Inc.	June 28, 2021	1,050,066 direct 1,695,826 indirect <sup>(2)</sup>

Name, Province and Country of Ordinary Residence and Positions Held with the Company	Principal Occupation <sup>(1)</sup>	Date First Became a Director	No. of Shares Beneficially Owned, Directly or Indirectly
Neil Spellman CFO and Director Carlsbad, California	CFO of Jackpot Digital Inc. since July 2019 Sr. Vice-President of DB Financial Management, Inc. from February 2001 until July 2020;	June 28, 2021	2,307 direct
Alan Artunian Director Toluca Lake, California	Business Consultant	June 28, 2021	720 direct
Gregory T. McFarlane Director Washington, Utah	Freelance Advertising Copywriter	June 28, 2021	0
Howard Blank Director Vancouver, British Columbia	CEO of Point Blank Entertainment Ltd.	June 28, 2021	100,000 direct

(1) Unless otherwise stated above, all nominees have held the principal occupation or employment indicated for the past five years.

(2) 1,631,066 Common Shares are held by Kalpakian Bros. of B.C. Ltd., a private company controlled by Jake Kalpakian, 63,700 Common Shares are held by 30 Rock Management Inc., a private company controlled by Jake H. Kalpakian and 1,060 Common Shares are held by Diana Kalpakian, spouse of Jake H. Kalpakian.

The Company does not currently have an Executive Committee of its Board of Directors. The current members of the Audit Committee are Gregory T. McFarlane, Alan Artunian and Howard Blank.

**CEASE TRADE ORDERS, CORPORATE AND PERSONAL BANKRUPTCIES, PENALTIES AND SANCTIONS**

No proposed director (including any personal holding company of a proposed director):

- (1) is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:
  - (a) was the subject of a cease trade order (including a management cease trade order which applies to directors or executive officers), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (collectively an "order"), that was issued while such person was acting in the capacity as director, chief executive officer or chief financial officer;
  - (b) was subject to an order that was issued after such person 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 a director, chief executive officer or chief financial officer;
- (2) is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was

acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

- (3) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- (4) 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 since December 31, 2000 or before December 31, 2000 the disclosure of which would likely be important to a reasonable security holder in deciding whether to vote for a proposed director; or
  - (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the Company acting solely in such capacity.

#### **AUDIT COMMITTEE DISCLOSURE**

The Audit Committee Charter and the disclosure required by Form 52-110F2 is attached hereto as Schedule "A". The Audit Committee monitors the integrity of internal controls and monitors the business conduct of the Company. The committee reviews matters on a quarterly basis, relating to the financial position of the Company in order to provide reasonable assurances that the Company is in compliance with applicable laws and regulations, is conducting its affairs ethically and that effective internal controls and information systems are maintained.

#### **CORPORATE GOVERNANCE**

The information required to be disclosed by National Instrument 58-101 *Disclosure of Corporate Governance Practices* is attached to this information circular as Schedule "B".

#### **APPOINTMENT AND REMUNERATION OF AUDITORS**

Shareholders will be asked to approve the re-appointment of Smythe LLP, Chartered Professional Accountants, of 475 Howe Street, Suite 1700, Vancouver, BC, V6C 2B3, as the auditor of the Company to hold office until the next Annual General Meeting of the Shareholders at remuneration to be fixed by the Board of Directors.

#### **OTHER MATTERS**

##### **Re-approval of the Company's 10% Rolling Stock Option Plan**

Shareholders will be asked to pass an ordinary resolution re-approving the Company's Stock Option Plan.

- a) the Stock Option Plan reserves, for issuance pursuant to the exercise of stock options, a maximum number of Common Shares of the Company equal to 10% of the issued Common Shares of the Company at the time of any stock option grant;

- b) an optionee must either be an Eligible Charitable Organization or a Director, Employee or Consultant of the Company at the time the option is granted in order to be eligible for the grant of a stock option to the optionee;
- c) the minimum exercise price per Common Share of a stock option must not be less than the Market Price of the Common Shares of the Company, subject to a minimum exercise price of \$0.05;
- d) stock options (other than options held by a person involved in Investor Relations Activities) will cease to be exercisable 90 days after the optionee ceases to be a Director (which term includes a senior officer), Employee, Consultant, Eligible Charitable Organization or Management Company Employee otherwise than by death, or for a "reasonable period" after the optionee ceases to serve in such capacity, as determined by the board of directors of the Company. Stock options granted to persons involved in Investor Relations Activities will cease to be exercisable 30 days after the optionee ceases to serve in such capacity otherwise than by death, or for a "reasonable period" after the optionee ceases to serve in such capacity, as determined by the board of directors of the Company;
- e) all options are non-assignable and non-transferable;
- f) the Stock Option Plan contains provisions for adjustment in the number of Common Shares or other property issuable on exercise of a stock option in the event of a share consolidation, split, reclassification or other capital reorganization, or a stock dividend, amalgamation, merger or other relevant corporate transaction, or any other relevant change in or event affecting the Common Shares;
- g) upon the occurrence of an Accelerated Vesting Event (as defined in the Stock Option Plan), the Board will have the power, at its sole discretion and without being required to obtain the approval of Shareholders or the holder of any stock option, to make such changes to the terms of stock options as it considers fair and appropriate in the circumstances, including but not limited to: (a) accelerating the vesting of stock options, conditionally or unconditionally; (b) terminating every stock option if under the transaction giving rise to the Accelerated Vesting Event, options in replacement of the stock options are proposed to be granted to or exchanged with the holders of stock options, which replacement options treat the holders of stock options in a manner which the Board considers fair and appropriate in the circumstances having regard to the treatment of holders of Common Shares under such transaction; (c) otherwise modifying the terms of any stock option to assist the holder to tender into any take-over bid or other transaction constituting an Accelerated Vesting Event; or (d) following the successful completion of such Accelerated Vesting Event, terminating any stock option to the extent it has not been exercised prior to successful completion of the Accelerated Vesting Event. The determination of the Board in respect of any such Accelerated Vesting Event shall for the purposes of the Stock Option Plan be final, conclusive and binding;
- h) in connection with the exercise of an option, as a condition to such exercise the Company shall require the optionee to pay to the Company an amount as necessary so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local laws relating to the withholding of tax or other required deductions relating to the exercise of such option; and
- i) an option will be automatically extended past its expiry date if such expiry date falls within a blackout period during which the Company prohibits optionees from exercising their options, subject to the following requirements: (a) the blackout period must (i) be formally imposed by the Company pursuant to its internal trading policies; and (ii) must expire upon the general disclosure of undisclosed Material Information; and (b) the automatic extension of an optionee's option will not be permitted where the optionee or the Company is subject to a cease trade order (or similar order under Securities Laws) in respect of the Company's securities.

If applicable:

- j) the aggregate number of options granted to any one Person (and companies wholly owned by that Person) in a 12 month period must not exceed 5% of the issued Common Shares of the Company calculated on the date an option is granted to the Person;
- k) the aggregate number of options granted to any one Consultant in a 12-month period must not exceed 2% of the issued Common Shares of the Company, calculated at the date an option is granted to the Consultant;
- l) the aggregate number of options granted to all Persons retained to provide Investor Relations Activities must not exceed 2% of the issued Common Shares of the Company in any 12-month period, calculated at the date an option is granted to any such Person;
- m) options issued to Persons retained to provide Investor Relations Activities must vest in stages over a period of not less than 12 months with no more than 1/4 of the options vesting in any 3-month period;
- n) options can be exercisable for a maximum of 10 years from the date of grant (subject to extension where the expiry date falls within a "blackout period" (see (i) above);
- o) Disinterested Shareholder Approval must be obtained for any reduction in the exercise price of a stock option if the optionee is an Insider of the Company at the time of the proposed amendment;

“Consultant”, “Director”, “Disinterested Shareholder Approval”, “Eligible Charitable Organization”, “Employee”, “Investor Relations Activities”, “Management Company Employee”, “Market Price”, “Material Information”, “Person” and “Securities Laws” all have the same definition as in the policies of the Exchange.

Management recommends, and the persons named in the enclosed form of proxy intend to vote in favour of, the re-approval of the Stock Option Plan.

The text of the resolution to be passed is as follows. In order to be passed, a majority of the votes cast at the Meeting in person or by proxy must be voted in favour of the resolution.

**“RESOLVED THAT** the Company’s Stock Option Plan is hereby approved with such additional provisions and amendments, as the directors of the Company may deem necessary or advisable.”

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). A copy of the Company’s Financial Statements, Management Discussion and Analysis, and Stock Option Plan may be obtained without charge upon request from the Company, at Suite 575 - 510 Burrard Street, Vancouver, British Columbia, V6C 3A8, and such documents will be sent by regular mail or electronically via email, as may be specified at the time of the request. Financial information is provided in the Company’s comparative Financial Statements and Management’s Discussion and Analysis for the year ended December 31, 2023.

**DIRECTOR APPROVAL**

The contents of this Information Circular and the sending thereof to the Shareholders of the Company have been approved by the Board of Directors.

DATED at Vancouver, British Columbia, this 1<sup>st</sup> day of November, 2024.

*"Jake H. Kalpakian"*

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Jake H. Kalpakian  
President, Chief Executive Officer, and Director

**SCHEDULE "A"**  
**YO ELEVEN GAMING INC.**  
**FORM 52-110F2**  
**AUDIT COMMITTEE DISCLOSURE**

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**ITEM 1: THE AUDIT COMMITTEE'S CHARTER**

Purpose

The overall purpose of the Audit Committee (the "**Committee**") of Yo Eleven Gaming Inc. (the "**Company**") is to ensure that the Company's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements and related financial disclosure of the Company, and to review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information. It is the intention of the Board that through the involvement of the Committee, the external audit will be conducted independently of the Company's Management to ensure that the independent auditors serve the interests of Shareholders rather than the interests of Management of the Company. The Committee will act as a liaison to provide better communication between the Board and the external auditors. The Committee will monitor the independence and performance of the Company's independent auditors.

Composition, Procedures and Organization

- (1) The Committee shall consist of at least three members of the Board of Directors (the "**Board**").
- (2) At least two (2) members of the Committee shall be independent and the Committee shall endeavour to appoint a majority of independent directors to the Committee, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Committee members' independent judgment. At least one (1) member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Company. For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.
- (3) The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
- (4) Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
- (5) The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
- (6) The Committee shall have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
- (7) Meetings of the Committee shall be conducted as follows:
  - (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;



- (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee; and
  - (c) management representatives may be invited to attend all meetings except private sessions with the external auditors.
- (8) The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Company as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

## **ROLES AND RESPONSIBILITIES**

- (9) The overall duties and responsibilities of the Committee shall be as follows:
- (a) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly consolidated financial statements and related financial disclosure;
  - (b) to establish and maintain a direct line of communication with the Company's internal and external auditors and assess their performance;
  - (c) to ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal financial controls; and
  - (d) to report regularly to the Board on the fulfilment of its duties and responsibilities.
- (10) The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
- (a) to recommend to the Board a firm of external auditors to be engaged by the Company, and to verify the independence of such external auditors;
  - (b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
  - (c) review the audit plan of the external auditors prior to the commencement of the audit;
  - (d) to review with the external auditors, upon completion of their audit:
    - A. contents of their report;
    - B. scope and quality of the audit work performed;
    - C. adequacy of the Company's financial and auditing personnel;
    - D. co operation received from the Company's personnel during the audit;
    - E. internal resources used;
    - F. significant transactions outside of the normal business of the Company;
    - G. significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
    - H. the non-audit services provided by the external auditors;
  - (e) to discuss with the external auditors the quality and not just the acceptability of the Company's accounting principles; and
  - (f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.

- (11) The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:
- (a) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
  - (b) review compliance under the Company's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;
  - (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and
  - (d) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
- (12) The Committee is also charged with the responsibility to:
- (a) review the Company's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
  - (b) review and approve the financial sections of:
    - A. the annual report to Shareholders;
    - B. the annual information form, if required;
    - C. annual and interim MD&A;
    - D. prospectuses;
    - E. news releases discussing financial results of the Company; and
    - F. other public reports of a financial nature requiring approval by the Board, and report to the Board with respect thereto;
  - (c) review regulatory filings and decisions as they relate to the Company's consolidated financial statements;
  - (d) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
  - (e) review and report on the integrity of the Company's consolidated financial statements;
  - (f) review the minutes of any audit committee meeting of subsidiary companies;
  - (g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
  - (h) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and

- (i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders.
- (13) The Committee shall have the authority:
- (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties,
  - (b) to set and pay the compensation for any advisors employed by the Committee; and
  - (c) to communicate directly with the internal and external auditors.

## **ITEM 2: COMPOSITION OF THE AUDIT COMMITTEE**

The current members of the Committee are Gregory Todd McFarlane, Alan Artunian and Howard Blank. All of the members are financially literate and are considered to be independent. "Independent" and "financially literate" have the meaning used in Multilateral Instrument 52-110 (the "Instrument") of the Canadian Securities Administrators.

## **ITEM 3: RELEVANT EDUCATION AND EXPERIENCE**

The Instrument provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

All of the members of the Company's audit committee are financially literate as that term is defined in the Instrument. Gregory Todd McFarlane and Alan Artunian sit on the audit committee of other public issuers. All members have an understanding of the accounting principles used by the Company to prepare its financial statements and have an understanding of its internal controls and procedures for financial reporting.

## **ITEM 4: AUDIT COMMITTEE OVERSIGHT**

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor (currently, Smythe LLP, Chartered Professional Accountants) not adopted by the Board.

## **ITEM 5: RELIANCE ON CERTAIN EXEMPTIONS**

Since the effective date of the Instrument, the Company has not relied on the exemptions contained in sections 2.4 or 8 of the Instrument. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of the Instrument, in whole or in part.

## **ITEM 6: PRE-APPROVAL POLICIES AND PROCEDURES**

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted. Subject to the requirements of the Instrument, the engagement of non-audit services is considered by the Company's Board of Directors, and where applicable by the Audit Committee, on a case-by-case basis.

**ITEM 7: EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY)**

The aggregate fees charged to the Company by the external auditor for the two fiscal years are as follows:

	<b>FYE 2022</b>	<b>FYE 2023</b>
Audit fees for the year ended	\$15,000	\$18,000
Audit related fees	\$500 <sup>(1)</sup>	\$0
Tax fees	\$1,000 <sup>(2)</sup>	\$2,000 <sup>(2)</sup>
All other fees (non-tax)	<u>\$183<sup>(3)</sup></u>	<u>\$225<sup>(3)</sup></u>
<b>Total Fees:</b>	<b>\$16,683</b>	<b>\$20,225</b>

*(1) Perform read of unaudited condensed interim financial statements for the three months ended March 31, 2022.*

*(2) These fees are an estimate of the cost for the preparation and filing of the Company's tax return.*

*(3) Disbursement incurred by the external auditor in respect of the Canadian Public Accountability Board.*

**ITEM 8: EXEMPTION**

In respect of the most recently completed financial year, the Company is relying on the exemption set out in section 6.1 of the Instrument with respect to compliance with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of the Instrument.

**SCHEDULE "B"**  
**YO ELEVEN GAMING INC.**  
**CORPORATE GOVERNANCE**

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Pursuant to National Instrument 58-101 Disclosure of Corporate Governance Practices the Company is required to and hereby discloses its corporate governance practices as follows.

**ITEM 1. BOARD OF DIRECTORS**

The Board of Directors of the Company facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board.

Mr. Gregory T. McFarlane, a director of the Company, is "independent" in that he has no direct or indirect material relationship with the Company.

Mr. Alan Artunian, a director of the Company, is "independent" in that he has no direct or indirect material relationship with the Company.

Mr. Howard Blank, a director of the Company, is "independent" in that he has no direct or indirect material relationship with the Company.

A material relationship is a relationship which could, in the view of the Company's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment.

Mr. Jake Kalpakian is the President and Chief Executive Officer of the Company and is therefore not independent.

Mr. Neil Spellman is the Chief Financial Officer of the Company and is therefore not independent.

**ITEM 2. DIRECTORSHIPS**

The directors of the Company are currently directors of the following other reporting issuers:

<b>Name of Director</b>	<b>Name of Reporting Issuer</b>	<b>Term</b>
Jake H. Kalpakian	Jackpot Digital Inc. 37 Capital Inc. Kalma Capital Corp.	January 1991 to present January 1991 to present March 2022 to present
Gregory Todd MacFarlane	Jackpot Digital Inc. 37 Capital Inc.	October 1992 to present October 1992 to present
Alan Artunian	Jackpot Digital Inc.	January 2017 to present
Neil Spellman	Jackpot Digital Inc. 37 Capital Inc.	July 2002 to present August 2016 to present
Howard Blank	VST BevCanna Ent. Inc. Pursuit Gold Corp. Icarus Capital Corp.	June 2016 to present December 2021 to present January 2022 to present March 2022 to present

### **ITEM 3.           ORIENTATION AND CONTINUING EDUCATION**

The Board of Directors of the Company briefs all new directors with the policies of the Board of Directors, and other relevant corporate and business information.

### **ITEM 4.           ETHICAL BUSINESS CONDUCT**

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

### **ITEM 5.           NOMINATION OF DIRECTORS**

The Board of Directors is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of the Shareholders.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives, and a willingness to serve.

### **ITEM 6.           COMPENSATION**

The Board of Directors conducts reviews with regard to directors' compensation once a year. To make its recommendation on directors' compensation, the Board of Directors takes into account the types of compensation and the amounts paid to directors of comparable publicly traded Canadian companies.

### **ITEM 7.           OTHER BOARD COMMITTEES**

The Board of Directors has no other committees other than the Audit Committee.

**ITEM 8. ASSESSMENTS**

The Board of Directors monitors the adequacy of information given to directors, communication between the board and management and the strategic direction and processes of the board and committees.