



**5N PLUS INC.**

Annual Information Form  
for the fiscal year ended December 31, 2022

February 21, 2023

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## NOTES

Unless otherwise indicated, all references to “dollars” and the symbol “\$” in this Annual Information Form are to U.S. dollars.

Unless the context indicates otherwise, the terms the “Company”, “we”, “our”, “us” and the “group” as used in this Annual Information Form refer to 5N Plus Inc. together with its subsidiaries.

The information provided in this Annual Information Form is current as at December 31, 2022, unless otherwise noted.

## INFORMATION INCORPORATED BY REFERENCE

The audited consolidated financial statements of 5N Plus Inc. (the “Company” or “5N Plus”) for the twelve-month fiscal year ended December 31, 2022 and the notes thereto as well as Management’s Discussion and Analysis of the operating results, cash flow and financial position are specifically incorporated herein by reference. Both the audited consolidated financial statements and the Management’s Discussion and Analysis for the twelve-month fiscal year ended December 31, 2022 are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this Annual Information Form may be forward-looking within the meaning of applicable securities laws. Forward-looking information and statements are based on the best estimates available to the Company at the time and involve known and unknown risks, uncertainties or other factors that may cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors of uncertainty and risk that might result in such differences include the risks associated with interest rate, foreign currency, credit, liquidity, global economic conditions, crisis and climate change management, international operations including China, environmental regulations, social and governance (ESG) considerations, safety and hazards, prolonged armed conflict in Ukraine, COVID-19, availability and retention of qualified employees, collective agreements, litigation, our growth strategy, competition, commodity price, sources of supply, protection of intellectual property, inventory price, business interruptions, changes in backlog, acquisitions, systems, network infrastructure and data failure, as well as market price of the common shares. A description of the risks affecting the Company’s business and activities appears under the heading “Risks and Uncertainties” of our Management’s Discussion and Analysis for the twelve-month fiscal year ended December 31, 2022, which may be viewed under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Forward-looking statements can generally be identified by the use of terms such as “may”, “should”, “would”, “believe”, “expect”, the negative of these terms, variations of them or any similar terms. No assurance can be given that any events anticipated by the forward-looking information in this Annual Information Form will transpire or occur, or if any of them do so, what benefits that 5N Plus will derive therefrom. In particular, no assurance can be given as to the future financial performance of 5N Plus. The forward-looking information contained in this Annual Information Form is made as of the date hereof and the Company has no obligation to publicly update such forward-looking information to reflect new information, subsequent or otherwise, unless required by applicable securities laws. The reader is warned against placing undue reliance on these forward-looking statements.

We caution readers that the risks described above are not the only ones that could have an impact on our expectations expressed in or implied by the forward-looking information included in this Annual Information Form. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also have a material adverse effect on our business, financial condition or results of operations.

## CORPORATE STRUCTURE

5N Plus results from the amalgamation on October 1, 2007 of 5NPlus Inc. and 6367909 Canada Inc., two affiliated corporations, under the *Canada Business Corporations Act* (the “CBCA”). On December 18, 2007, our articles of amalgamation were amended so as to sub-divide our common shares on the basis of 83.3636772 common shares for each issued and outstanding common share.

The first of the amalgamated corporations, 5NPlus Inc., was incorporated under the CBCA on July 12, 1999 under the name 3639398 Canada Inc. Its Articles of Incorporation were amended on February 8, 2000 to change the corporate name to 5NPlus Inc. These articles were again amended on January 21, 2003 to effect certain changes to the authorized share capital.

The second of the amalgamated corporations, 6367909 Canada Inc., was incorporated under the CBCA on March 24, 2005. Its Articles of Incorporation were amended on April 1, 2005 to effect certain changes to the authorized share capital.

Our head and registered office is located at 4385 Garand Street, Montreal, Québec H4R 2B4.

## SUBSIDIARIES

Our activities are conducted either directly or through subsidiaries. The table below lists our principal subsidiaries, as well as their jurisdiction of incorporation and the percentage of voting shares held directly or indirectly by the Company. Certain subsidiaries whose total assets did not represent more than 10% of the Company’s consolidated assets as at December 31, 2022 or whose sales and operating revenues did not represent more than 10% of the Company’s consolidated sales and operating revenues for the twelve-month period ended December 31, 2022 have been omitted. These excluded subsidiaries together did not represent 20% or more of our total consolidated assets or our total consolidated sales and operating revenues for the twelve-month period ended December 31, 2022.

5N PV GmbH (Germany)	100%
5N Plus Asia Limited (Hong Kong)	100%
5N Plus Lübeck GmbH (Germany)	100%
5N Plus Wisconsin Inc. (Connecticut, U.S.A.)	100%
AZUR SPACE Solar GmbH (Germany)	100%

## GENERAL DEVELOPMENT OF THE BUSINESS

### Three-Year History

The highlights relating to the development of our business over the past three years are described below.

#### 2020

On March 5, 2020, 5N Plus announced that the Toronto Stock Exchange had approved its normal course issuer bid (“NCIB”). Under the NCIB, 5N Plus had the right to purchase for cancellation, from March 9, 2020 to March 8, 2021, a maximum of 2,000,000 common shares. From March 9, 2020 to December 31, 2020, 5N Plus purchased and cancelled 1,750,428 of the Company’s common shares.

On June 3, 2020, 5N Plus announced that its subsidiary, 5N Plus Semiconductors, located in St. George, Utah, signed a \$12.5 million contract with the U.S. Government aimed at further advancing process and product technologies for specialty semiconductors required by U.S. satellite suppliers.

On July 21, 2020, 5N Plus announced the introduction of the third generation of engineered semiconductor substrate, INZBE3, designed for infrared imaging and detection applications based on breakthrough process technologies with immediate surging demand expected by the customer base.

On October 7, 2020, 5N Plus announced that it has entered the Additive Manufacturing market (commonly referred to as 3D Printing), as a supplier of high-performance engineered powders and has begun to launch a broad portfolio of metal powder products to support this ambition.

On October 21, 2020, 5N Plus and Metalpine GmbH, an Austria-based technology leader in the production of high-quality performance powders for Additive Manufacturing announced that the parties have entered into a strategic agreement aimed at jointly serving the growing demand from Additive Manufacturing markets.

On November 12, 2020, 5N Plus announced that it has secured multi-year contracts for the supply of semiconductor materials associated with the manufacturing of thin-film photovoltaic (PV) modules by First Solar, Inc (Nasdaq: FLSR). 5N Plus is the world leading supplier of engineered semiconductor compounds to the thin film renewable energy industry.

During the third quarter of 2020, 5N Plus initiated the closure of 5N PV Malaysia SND.BHD with planned consolidation of select activities within the Company's global footprint. This decision was taken due to unfavorable business conditions arising from abrupt changes in the regulatory environment and inconsistent enforcement practices, resulting in restructuring and impairment charges.

## 2021

On January 12, 2021, 5N Plus announced that it entered into a strategic agreement and made an equity investment in Montana-based Microbion Corporation, aimed at furthering the development of its new class of antibiotic and antibiofilm drugs. Under the terms of the agreement, 5N Plus is responsible for the manufacturing of bismuth-based active pharmaceutical ingredients in Microbion's family of drug products under development.

On March 24, 2021, 5N Plus announced the renewal of its \$79.0 million senior secured multi-currency, revolving and syndicated credit facility. The agreement includes a contingent option to expand the facility to \$124.0 million. The renewed credit facility has a two-year term, bearing interest and a margin based on the Company's senior consolidated debt to EBITDA<sup>1</sup> ratio. In addition to its contingent option, 5N Plus can exercise a \$30.0 million accordion feature, increasing the facility's total size to \$154.0 million, subject to lender approval.

On March 30, 2021, 5N Plus announced that it entered into an agreement with AZUR SPACE Solar Power GmbH ("AZUR") pursuant to which 5N Plus would acquire all of the issued and outstanding shares of AZUR (the "Transaction"), subject to the customary closing conditions, including regulatory approvals. The completion of the Transaction was subsequently announced on November 5, 2021, as discussed below.

On June 2, 2021, 5N Plus announced an investment of \$8.5 million in its Montreal campus to expand the development and manufacturing of critical and strategic materials, including those containing tellurium for advanced II-VI semiconductor compounds and engineered powders. The investment has received provincial funding from the Ministère de l'Économie et de l'Innovation (Ministry of Economy and Innovation) and the Ministère de l'Énergie et des Ressources Naturelles (Ministry of Energy and Natural Resources), comprising approximately a third of the investment. This investment will not only ensure competitive and reliable access to critical products, it will also decrease the Company's carbon footprint per unit of production for II-VI materials, reduce consumption of chemical reagents as well as processed water and solid by-product generation.

On October 19, 2021, 5N Plus announced a long-term agreement with Samsung Electronics Co. ("Samsung") to supply engineered substrates based on II-VI semiconductor materials for the detector core of the next generation of medical imaging devices. The detector is based on Photon Counting Detector ("PCD") technology and will be incorporated into computed tomography ("CT") by Samsung's subsidiary NeuroLogica Corp., located in Danvers, Massachusetts.

On November 5, 2021, 5N Plus announced the closing of the acquisition of all of the issued and outstanding shares of AZUR for a total purchase price of 50.1 million euros, subject to post-closing adjustments, including 6.5 million shares of 5N Plus issued from the treasury and valued at 12.4 million euros in the aggregate and a cash payment of 37.7 million euros. Furthermore, 5N Plus financed working capital and equipment loans of 23.8 million euros. The cash portion of the Transaction was funded with Company cash and amounts drawn under the senior debt facility.

On December 1, 2021, Mr. Arjang Roshan stepped down as the Company's President and Chief Executive Officer, and Gervais Jacques was appointed interim President and Chief Executive Officer until his permanent appointment on March 18, 2022. Mr. Jacques is a seasoned business executive who brings decades of leadership experience managing global businesses and has been a member of the Board of 5N Plus since May 2020.

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<sup>1</sup> EBITDA is a non-IFRS financial measure. See the Non-IFRS financial measures section in the MD&A for the year ended December 31, 2022.

## 2022

On March 18, 2022, Mr. Gervais Jacques was appointed President and Chief Executive Officer (CEO). Mr. Jacques had been Interim President and CEO since December 1, 2021. He remains a member of the Board of Directors.

On May 18, 2022, 5N Plus announced that 5N Plus Belgium SA, one of its subsidiaries, intended to halt production at its manufacturing facility in Tilly, Belgium and proceed with the site's closure. On December 19, 2022, 5N Plus Belgium SA announced the closing of a transaction for the divestiture of its Tilly site to Vital Materials.

On June 16, 2022, 5N Plus announced the renewal of its US\$124 million senior secured multi-currency revolving syndicated credit facility. Subject to lenders' approval, 5N Plus can opt to increase its credit facility to \$154 million through a \$30 million accordion feature. The new credit facility has a four-year term, bearing interest and a margin based on the Company's senior consolidated debt to EBITDA<sup>1</sup> ratio.

On September 29, 2022, 5N Plus announced having successfully renewed and increased its multi-year agreement with First Solar, Inc. for the supply of semiconductor materials associated with the manufacturing of thin-film photovoltaic (PV) modules. This agreement was the largest award to date and signaled a transition to higher volumes of value-added compound semiconductor materials. In line with First Solar's recently announced growth plans, annual volume is expected to increase by 35% in 2023 and by more than 100% in 2024 from current levels.

On October 17, 2022, 5N Plus announced that through its wholly-owned subsidiary AZUR, it has signed a ten-year extension to its exclusive teaming arrangement with Sierra Space, a leading U.S. based commercial space company at the forefront of space innovation and commercialization. AZUR, which was acquired by 5N Plus in 2021, is a recognized advanced technology company and manufacturer of high-efficiency solar space cells bringing over 50 years of experience and expertise developing specialty semiconductor materials for the global space industry.

## DESCRIPTION OF THE BUSINESS

5N Plus is a leading global producer of specialty semiconductors and performance materials. Our ultra-pure materials often form the core element of our customers' products. These customers rely on our products to enable performance and sustainability in their own products. We deploy a range of proprietary and proven technologies to develop and manufacture our products. Our products enable various applications in several key industries, including renewable energy, security, space, pharmaceutical, medical imaging, and industrial. Headquartered in Montréal, Québec, 5N Plus operates R&D, manufacturing and commercial centers in strategically located facilities around the world including Europe, North America and Asia.

We are an integrated supplier having both primary and secondary refining capabilities. Our primary refining capabilities allow us to treat very low-grade metal concentrates, and extract and refine the metals of interest so that they can be fed to our secondary refining operations, where we attain the highest level of purity. Once purified, our metals can be sold to customers in the form of pure metals, compounds, wafers, substrates, solar cells, alloys or chemicals. Because we can perform extensive refining functions, allowing us to go from one end of the purity spectrum to the other, and we can manufacture chemicals and alloys, we consider ourselves a supplier with integrated refining capabilities. In addition, our primary refining capabilities enable us to treat complex feeds and very low-grade concentrates containing only small amounts of the metals of interest, playing an important role in the recycling of the specialty metals that we produce.

Purification and manufacturing activities are carried out using a variety of metallurgical and chemical processes. We rely on the expertise of our personnel, particularly with respect to their skills and knowledge regarding the specialty metals industry and refining technology, to conduct our operations. Our raw materials or "feedstock" are generally in the form of commercial grade metals as well as concentrates or recyclable materials containing the metals of interest. Given the nature of our activities and the metals that we purify, we operate under, and comply with, stringent environmental, health and safety conditions. Several of our operations are either certified (ISO 9001, ISO 14001, ISO 45001 and ISO 50001) or have approval from the United States Food and Drug Administration ("FDA") or have Good Manufacturing Practices ("GMP") requirements, reinforcing our commitment to best practices in terms of operations, quality and health and safety.

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<sup>1</sup> EBITDA is a non-IFRS financial measure. See the Non-IFRS financial measures section in the MD&A for the year ended December 31, 2022.

## Description of Segments

We have two reportable business segments: Specialty Semiconductors and Performance Materials. Corresponding operations and activities are managed accordingly by key decision makers. Segmented operating and financial information and labelled key performance indicators are available and used to manage these business segments, review performance and allocate resources. Financial performance of any given segment is evaluated primarily in terms of revenues and Adjusted EBITDA<sup>1</sup>, which are reconciled to consolidated numbers considering corporate income and expenses. For the fiscal year ended December 31, 2022, 46.1% of our revenues were derived from the Specialty Semiconductors segment and 53.9% from the Performance Materials segment.

### Specialty Semiconductors Segment

The Specialty Semiconductors segment operates in North America and Europe and is similar to the former Electronic Materials segment, although it now integrates the products and operations of AZUR since November 5, 2021. The segment manufactures and sells products used in several applications such as renewable energy, space satellites and imaging. Typical end markets include photovoltaics (terrestrial and spatial solar energy), medical imaging, infrared imaging, optoelectronics and advanced electronics. These products are sold either as semiconductor compounds, semiconductor wafers, ultra high purity metals, epitaxial semiconductor substrates and solar cells. Our main products are associated with the following metals: cadmium, zinc, tellurium, germanium, indium and antimony. Activities provided to Revenues and earnings associated with resource management and recycling services and activities provided to Specialty Semiconductors customers are captured in this segment. Management of such activities is also the responsibility of the Specialty Semiconductors executive team.

#### *Main Products, Markets & Demand*

Cadmium is primarily used in renewable energy applications and in industrial materials. It is extensively used in association with tellurium and sold by us in the form of cadmium telluride (CdTe) for solar modules, and in the security and medical industries for sensing and imaging applications.

Germanium has unique properties for aerospace applications, being used as a substrate for high-performance solar cells. We perform internal recycling, purification and crystal growth of germanium, and also produce engineered substrates and solar cells for solar arrays utilized in the space industry.

Indium is widely used in the electronics industry in various alloys and semiconductor materials. We can sell indium in the form of specialty soldering alloys, pure metal or fabricated products. We also produce semiconductor material and engineered substrates containing indium and antimony as a critical component in infrared sensing and imaging applications.

Tellurium is used in renewable energy, security and medical imaging applications. We are active in all market segments selling CdTe to solar cell manufacturers, engineered materials for imaging and sensing applications, metal to thermoelectric device producers and tellurium metal and alloys for metallurgical applications.

The following table sets out the products manufactured by our Specialty Semiconductors segment and their primary applications as well as the estimated total annual worldwide production in metric tons (“MT”).

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<sup>1</sup> Adjusted EBITDA is a non-IFRS financial measure. See the Non-IFRS financial measures section in the MD&A for the year ended December 31, 2022.

	Cadmium and cadmium chemicals	Germanium	Indium and indium alloys and compounds	Tellurium, and tellurium compounds
Applications	Renewable energy Security Medical imaging Industrial materials	Space solar power Infrared optics Optical fibers Catalysts	Flat panel displays Renewable energy Solders Catalysts Ceramics	Renewable energy Security, sensing and imaging Optical storage Metallurgical additives
Annual worldwide production <sup>(1)</sup>	~25,000 MT	~140 MT	~900 MT	~1,000 MT

<sup>(1)</sup> Based on management estimates.

### **Supply of Raw Materials**

Several starting materials and supplies are used to produce and manufacture products of the Specialty Semiconductors segment. Key raw materials include specialty metal concentrates which are procured from many non-ferrous metal suppliers with whom we have had long-term commercial relationships. Cadmium and indium are generally by-products of zinc refining and are generally purchased from zinc producers in various forms. Germanium, a by-product of zinc or coal, is typically procured in elemental form. Tellurium is a by-product of copper, zinc or gold refining. It is procured from several sources worldwide. Our upstream capabilities enable us to valorize metal from complex concentrates in addition to outright purchase of metal from metal markets.

### **Competition**

We have a limited number of competitors, few of which are as fully integrated or have a similar range of products and capabilities as we do. Accordingly, they are not in a position to provide the same comprehensive set of services and products as we do. Main competitors depending on the market and metal considered include Umicore in Belgium, IQE plc in the United Kingdom and Vital Chemicals Co., Ltd. in China. As for AZUR, apart from some limited local capabilities in Russia, China and Japan, our main competitors are Spectrolab, a Boeing company and SolAero Technologies, Inc., a Rocket Lab Company, both located in the United States.

We continue to expect the competitive landscape to change as our markets develop and attract more interest. More specifically, we may face competition from our current customers, who could choose to backward integrate in order to protect an essential component of their product line. The basis for competition in this instance will be security of supply, price, environment, health and safety, and recycling. We believe that we are well positioned to compete effectively on these issues. We may also face competition from certain suppliers, who are for the most part large non-ferrous mining, refining and metal processing companies. The basis for competition in this instance will be capturing margins, security of supply of feedstock, price and adaptation to change in the industry. We believe that our strong focus and greater flexibility will enable us to compete effectively.

### **Performance Materials Segment**

The Performance Materials segment operates in North America, Europe and Asia and is similar to the former Eco-Friendly Materials segment. The Performance Materials segment is closely associated with bismuth. Bismuth is one of the very few heavy metals which is non-toxic and possesses antimicrobial activity. Bismuth also has no detrimental effect on either human health or the environment and as a result is being increasingly used in a number of applications as a replacement for more harmful metals and chemicals.

The Performance Materials segment manufactures and sells products that are used in various pharmaceutical, healthcare and industrial applications. Main products are sold as active pharmaceutical ingredients, animal feed additives, specialized chemicals, commercial grade metals and alloys. All commercial grade metal sales have been regrouped under Performance Materials. Revenues and earnings associated with recycling services and activities provided to Performance Materials customers are captured in this segment. Management of such activities is also the responsibility of the Performance Materials executive team.

## **Main Products, Markets and Demand**

Bismuth has useful catalytic and electrical properties. It is used as a replacement for lead in a number of industrial applications, particularly coatings and pigments, and is also used in electronics, optics and glass. Bismuth is also used in the pharmaceutical industry and is the active ingredient in a number of drugs for treating stomach ulcers and other discomforts associated with the gastrointestinal tract. We sell bismuth in various forms, including chemicals, pure metals and alloys.

A range of alloys are also part of the product portfolio of the Performance Materials segment. Bismuth/tin low melting point alloys are often used in the aviation industry for work holding applications where dimensional stability and low temperature are critical characteristics. These alloys are also used for electrical safety as conductive materials. Indium containing alloys is used in the production of optical lenses.

We are also active in the production of premixes containing trace elements including Iodine, Selenium and Cobalt for animal feed.

Following the divestiture of 5N Plus Belgium SA in December 2022 to Vital Materials, we have ceased to produce a range of metallic nitrates for external sale, including Cobalt, Nickel, Copper and Iron nitrates, which are used in industrial applications and particularly in the petrochemical industry and which were previously produced by 5N Plus Belgium SA. We have also ceased to manufacture lead nitrate, used in the global gold mining industry, to improve gold recovery.

The following table sets out products manufactured by our Performance Materials segment and their primary applications as well as total annual worldwide production.

	<b>Bismuth and bismuth chemicals</b>	<b>Trace element premixes</b>	<b>Optical and Low melting point alloys</b>
<b>Applications</b>	Pharmaceutical industry Electronics Cosmetics Non-toxic substitute for lead Lubricating greases Pigments Automotive coatings Metallurgical additives	Animal feeds	Soldering Industrial work holding Optical lens Electrical safety
<b>Annual worldwide production<sup>(1)</sup></b>	12,000 MT	40,000 MT	1,500 to 2,000 MT

<sup>(1)</sup> Based on management estimates.

## **Supply of Raw Materials**

Key raw materials used by the Performance Materials segment are comprised primarily of bismuth, tin and indium. These materials are sourced as pure metals or as complex feedstocks. The latter are processed using our internal recycling and refining capabilities.

## **Competition**

In the Bismuth market, we have a notable presence and a breadth of services and products which we believe is unique in the bismuth market. We expect the competitive landscape to change as the bismuth market continues to develop and attract more interest. We believe that our ability to leverage both the sourcing of the raw material and our value proposition in end markets, notably health and pharmaceuticals, will enable us to continue to compete effectively and to minimise the volatility in our earnings. As we promote commercial selectivity and focus on profitability, we expect that certain Asian competitors could gain market share in the low-value added segments of the market (commodity products) where pricing is the key decision driver for the end-users.

## **Sales and Marketing**

We sell and market our products directly via our own sales and marketing team, which includes multiple offices worldwide. We also rely on several agents. Together with our sales network, we have extensive local representation in all major markets including Asia, North America and Europe. We regularly attend trade shows and conferences to promote our products. Our web site ([www.5nplus.com](http://www.5nplus.com)) provides our customers with quick access to relevant information about us and our products. Some of our products are also subject to extensive qualification periods. We work very closely with our customers during this qualification period, by providing sample products, and adapting our products and processes to best meet the customers' needs.

## **Intangible Assets**

In addition to holding certain patents, we rely on a combination of trade secrets and employee confidentiality agreements to safeguard our intellectual property. We acquired know-how, customer relationships, trade names and technology following the acquisition of Firebird Technologies Inc. in 2009, MCP Group SA in 2011 and AZUR in 2021. We also developed know-how through internal research and development activities. Key components of our processes are documented, and all of our employees have entered into confidentiality agreements with us. We have not been subject to any material intellectual property claims.

We hold two patents, obtained in Canada and the United States, which will expire in 2029. These two patents of our First Patent Family relate to cadmium telluride production processes. We have not applied for patents in other countries for this patent family. We have deliberately chosen to limit our patent position for this technology as most of our intellectual property and know-how is process related. We also have three other patent families in our patent portfolio and for which we adopted a different strategy. We filed in Second, Third and Fourth Patent Families national entry phases in different countries. The selection of countries is made, in each family, in a strategic manner in accordance with the specific market of the products covered by these technologies.

Our Second Patent Family relates to processes for preparing various metals and derivatives thereof and we hold eight issued patents. These patents will expire in 2036.

Our Third Patent Family relates to low melting point metal or alloy powders atomization manufacturing processes and we hold six issued patents and three pending applications. These patents will expire in 2037.

Our Fourth Patent Family relates to high melting point metal or alloy powders atomization manufacturing processes and we hold two issued patents and five pending applications. These patents will expire in 2039.

In the context of the acquisition of AZUR, we acquired an additional set of 15 patent families related to gallium nitride technology. The jurisdictions of patent protection are based on strategic decisions related to these technologies. In total, AZUR holds a patent portfolio of about 120 patent families. Solar cell technology space and CPV as well as CPV assemblies, optoelectronics and power electronics representing the largest segments, among a number of others.

## **Environment, Health and Safety**

Our operations include the use, handling, storage, transportation, generation and disposal of hazardous substances. As a result, we are subject to various local, state, federal and foreign laws and regulations relating to the use of these hazardous substances, their associated occupational health and safety and the protection of the environment. We have incurred and will continue to incur capital expenditures in order to comply with environmental laws and regulations. Our facilities are regularly audited by third parties on behalf of our customers and governmental authorities to ensure that we conform at all times with all applicable laws and regulations including meeting ISO practices at all ISO-certified plants and FDA and GMP requirements at our facility in Lübeck, Germany.

An internal team is involved in environmental, health and safety matters under the leadership of the of the Corporate Director EH&S and Product Stewardship and the supervision of the Company's Chief Financial Officer. To date, while exceedances in wastewater and air emissions generated by some Company facilities over the limits prescribed in applicable laws and permits have been registered in the past, we have not experienced problems of a material nature regarding such matters. At such

facilities, the Company is collaborating with governmental authorities and implementing various measures including upgrading equipment and selective soil decontamination when appropriate to ensure compliance. We also use the services of public health authorities and independent industrial hygienists to validate heavy metal exposure levels in our facilities and to recommend appropriate action plans to reduce them, if needed.

## Insurance

We carry all-risk and business interruption insurance, designed to protect our assets and business in the event that we are unable to carry out our production activities due to serious disturbances. We also carry insurance against pollution, which covers clean-up costs in an amount deemed appropriate for us. We also hold general liability insurance and directors' and officers' liability insurance for members of our Board of Directors and our executive officers.

## Employees (by segment)

As at December 31, 2022, we employed 766 persons on a full and part-time basis. Of these, an aggregate of 71 employees at the Lübeck, Germany facility are covered by collective bargaining agreements. Most of our employees are not unionized. Many of our employees hold university degrees in engineering or physical sciences and actively participate in our continuous improvement and development activities or are part of our senior management team. We consider our relationship with our employees to be very good.

The following table sets out the breakdown of our current personnel by category:

Specialty Semiconductors	Performance Materials	Corporate	Total
542	186	38	766

## Properties

Besides the properties listed below, we own a 25,000-square foot building in Montreal, Québec, which houses our head office as well as manufacturing facilities. We also occupy (i) a 33,000-square foot adjoining manufacturing facility under a lease expiring on September 30, 2028 and (ii) a 44,000-square foot adjoining manufacturing facility under a lease expiring on September 30, 2028. We acquired 118,000 square feet of land in Eisenhüttenstadt, Germany in May 2007 where we built a manufacturing facility (43,000 square feet), which became operational on July 29, 2008. On November 16, 2017, we bought an additional 26,500 square feet of land in Eisenhüttenstadt which adjoins the existing facility as we intended to build in 2018 a 7,700-square foot pre-mix facility for animal feed additives, which became operational in January 2019. We also acquired in January 2012, 338,500 square feet of land in Kulim, Malaysia where we operated a 48,500-square foot facility dedicated to recycling cadmium telluride bearing residues until September 2020. This building in Malaysia was sold in August 2022.

The following table sets out information regarding certain of the production facilities as of December 31, 2022, setting out, in each case, the name of the subsidiary, location of the facility and products manufactured:

<b>Owned</b>	<b>Leased</b>
<b>5N Plus Lübeck GmbH</b> Lübeck, Germany Bismuth and bismuth chemicals	<b>5N Plus Semiconductors LLC</b> St. George, Utah, USA Semiconductor materials, germanium
<b>5N Plus Shangyu Co. Ltd</b> Shangyu, Zhejiang, China Bismuth and bismuth chemicals, Low melting point alloys	<b>5N Plus Lao Industrial Resources Co. Ltd.</b> Vientiane, Laos Bismuth and tellurium
	<b>5N Plus Wisconsin Inc.</b> Trumbull, Connecticut, USA Low melting point alloys
	<b>AZUR SPACE Solar GmbH</b> Heilbronn, Germany Semiconductor substrates and solar cells

We have sales offices at some of the foregoing locations in addition to sales offices in Hong Kong, China.

## **RISK FACTORS**

A description of the risks affecting our business and activities appears under the heading “Risks and Uncertainties” of our Management’s Discussion and Analysis for the fiscal year ended December 31, 2022, which is incorporated by reference into this Annual Information Form. The Management’s Discussion and Analysis is available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). All such factors could potentially have a negative effect on the Company’s sales and results of operations.

## **DIVIDENDS AND DIVIDEND POLICY**

Our policy is to reinvest our earnings in order to finance the growth of our business. As a result, we have not declared a dividend in the last three financial years, and we do not intend to pay dividends in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of our Board of Directors and will depend on our financial condition, operating results and capital requirements and such other factors as the Board of Directors deems relevant.

## **DESCRIPTION OF CAPITAL STRUCTURE**

### ***Common Shares***

We are authorized to issue an unlimited number of common shares, all without nominal or par value. The holders of our common shares are entitled to: (a) vote at all meetings of shareholders, except meetings at which only holders of a specified class of shares are entitled to vote; (b) receive any dividend declared by us on the common shares; and (c) subject to the rights, privileges, restrictions and conditions attaching to any other class of our shares, receive our remaining property upon our dissolution, liquidation or winding-up.

As at February 21, 2023 there were 88,330,236 common shares issued and outstanding.

### **Preferred Shares**

We are also authorized to issue an unlimited number of preferred shares, all without nominal or par value, and none of which are currently issued and outstanding. The preferred shares may be issued in one or more series, with such rights and conditions as may be determined by the Board of Directors. There are no voting rights attached to the preferred shares except as prescribed by law. The preferred shares will rank ahead of the common shares with respect to the payment of dividends and return of capital in the event of our liquidation, dissolution or other distribution of assets for the purpose of winding-up our affairs.

### **Class B Shares**

We are also authorized to issue an unlimited number of Class B shares, all without nominal or par value, and none of which are currently issued and outstanding. There are no voting rights attached to the Class B shares except as prescribed by law. The Class B shares will rank ahead of the common shares, but after the preferred shares, with respect to the amount payable on return of capital in the event of our liquidation, dissolution or other distribution of assets for the purpose of winding-up our affairs. The Class B shares are redeemable and may also be purchased for cancellation by us.

### **MARKET FOR SECURITIES**

Our common shares have been listed and posted for trading on the Toronto Stock Exchange under the trading symbol "VNP" since December 20, 2007. The following table sets out the price range and trading volume of the common shares as reported by the Toronto Stock Exchange for the twelve-month fiscal year ended December 31, 2022.

Year	Month	Price range		Volume
		High	Low	
2022	January	CDN \$ 2.58	CDN\$ 2.16	1,311,462
	February	2.47	2.15	1,282,088
	March	2.42	1.97	2,649,861
	April	2.42	1.87	2,113,185
	May	2.02	1.03	5,907,904
	June	1.75	1.29	1,422,895
	July	1.88	1.26	850,138
	August	1.98	1.61	1,146,601
	September	1.83	1.33	1,475,705
	October	2.48	1.46	2,563,554
	November	3.22	2.16	6,039,837
	December	3.09	2.45	2,914,308

### **ESCROWED SECURITIES OR SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER**

None of our shares are held in escrow or subject to contractual restrictions on transfer.

## DIRECTORS AND EXECUTIVE OFFICERS

### Name, Occupation and Security Holding

The following table sets out the name, municipality of residence, position with us and principal occupation of our directors and executive officers and, in the case of the directors, the date first elected or appointed, if applicable. Directors are elected until the next annual meeting of shareholders, unless a director resigns, or his or her office becomes vacant by removal, death or other cause.

Name, municipality of residence and position held within the Company	Director since	Principal occupation	Shares beneficially owned, or controlled or directed, directly or indirectly as at February 21, 2023	Percentage of total outstanding shares as at February 21, 2023
Jean-Marie Bourassa <sup>(1,2)</sup> Montreal, Québec, Canada Director	January 2008	Consulting Partner Bourassa Boyer Inc. (chartered accountants)	1,494,300	1.69
Nathalie Le Prohon <sup>(1,2)</sup> Westmount, Québec, Canada Director	May 2014	President IBM Québec Technologies	218,800	0.25
Luc Bertrand <sup>(1,2)</sup> Montréal, Québec, Canada Chairman of the Board of Directors	January 2016	Vice-Chairman National Bank of Canada	2,200,000	2.49
Gervais Jacques Candiac, Québec, Canada President, Chief Executive Officer and Director	May 2020	Chief Executive Officer 5N Plus Inc.	244,750	0.28
Richard Perron Boucherville, Québec, Canada Chief Financial Officer	--	Chief Financial Officer 5N Plus Inc.	79,500	0.09
Paul Tancell Sebring, United Kingdom Executive Vice President, Performance Materials	--	Executive Vice President, Performance Materials 5N Plus Inc.	50,000	0.06
Roland Dubois Grenoble, France Executive Vice President, Speciality Semiconductors Chief Commercial Officer	--	Executive Vice President, Speciality Semiconductors Chief Commercial Officer 5N Plus Inc.	-	0.00

<sup>(1)</sup> Member of the Audit & Risk Management Committee.

<sup>(2)</sup> Member of the Governance & Compensation Committee.

During the last five years, our directors and executive officers have been engaged in their current principal occupations or in other executive capacities with the companies indicated opposite their names or with related or affiliated companies, except for:

- Jean-Marie Bourassa, who from January 1, 1989 to June 30, 2018 was President of Bourassa Boyer Inc., chartered accountants;
- Gervais Jacques, who from 2016 to 2020 was Managing Director of Rio Tinto Aluminium; and
- Roland Dubois, who from 2019 to 2022 was Vice President, Group Head of Sustainability of ABB, based in Switzerland, and from 2017 to 2019, was Global Commercial Excellence General Manager of Rio Tinto.

As at February 21, 2023, to the best of our knowledge, our directors and executive officers owned, directly or indirectly, or exercised control or direction over an aggregate of 4,287,350 common shares, representing 4.85% of all issued and outstanding common shares of the Company.

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

To our knowledge, none of the persons whose names appear in the table set out above:

- (a) is, or within the last ten years has been, a director, chief executive officer or chief financial officer of any company that:
  - (i) was subject to a cease-trade order, an order similar to a cease-trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an “Order”), which Order was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
  - (ii) was subject to an Order 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 of such company; or
- (b) is, or within the last ten years has been, a director or executive officer of any 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 (other than Nathalie Le Prohon, who was a director of BlackRock Metals Inc. when it commenced proceedings under the *Companies’ Creditors Arrangement Act* on December 23, 2021); or
- (c) has, within the last ten years, 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 his assets.

None of the persons whose names appear in the table set out above 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.

See “Legal Proceedings and Regulatory Actions” below.

## **Conflicts of Interest**

There are no existing or potential material conflicts of interest between us or our subsidiaries and any of our officers or directors or those of our subsidiaries.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

During the twelve-month fiscal year ended December 31, 2022, we were not party to, and none of our property was the subject of, any legal proceedings, which are material to our operations. To our knowledge, no such legal proceedings are currently contemplated.

During the twelve-month fiscal year ended December 31, 2022: (i) we were not subject to any penalty or sanction imposed by a court relating to securities legislation or by a securities regulatory authority; (ii) we did not enter into any settlement agreements with a court relating to securities legislation or with a securities regulatory authority; and (iii) there were no other penalties or sanctions imposed by a court or regulatory body against us that would likely be considered important to a reasonable investor in making an investment decision.

We note that in connection with our acquisition of AZUR on November 5, 2021, we were required, under Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations*, to prepare and file a “Business Acquisition Report” (BAR) which requires, among other things, the conversion of AZUR’s annual audited financial statements from German GAAP to IFRS, and an audit of such financial statements under International Standards on Auditing (ISA) for the fiscal years 2019 and 2020. For reasons set forth therein, the Company was listed as being in default by applicable securities regulatory authorities until the BAR was filed on May 3, 2022.

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

During the twelve-month fiscal year ended December 31, 2020, the twelve-month fiscal year ended December 31, 2021, the twelve-month fiscal year ended December 31, 2022, and since the beginning of the current fiscal year, we did not complete any transaction that has materially affected or which is reasonably expected to materially affect us in which any: (i) of our directors or executive officers; (ii) person or company that is the direct or beneficial owner of, or who exercises control or direction over, more than 10% of our outstanding voting securities; or (iii) associate or affiliate of the persons referred to in (i) or (ii) above, had any material interest, direct or indirect.

## **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar for our common shares is Computershare Investor Services Inc. at its principal offices in Montreal and Toronto.

## **MATERIAL CONTRACTS**

Since January 1, 2022, other than in the ordinary course of business, we have not entered into any contracts that are material to us.

## **NAMES AND INTEREST OF EXPERTS**

Our auditors are PricewaterhouseCoopers LLP, Chartered Accountants, located at 1250 René-Lévesque Boulevard West, Montreal, Québec H3B 4W2, who reported on the consolidated annual financial statements for the twelve-month fiscal year ended December 31, 2022, which have been filed under National Instrument 51-102 - *Continuous Disclosure Obligations*. PricewaterhouseCoopers LLP is independent in accordance with the auditors’ rules of professional conduct in Québec.

## INFORMATION ON THE AUDIT COMMITTEE

### Audit & Risk Management Committee Charter

The Audit & Risk Management Committee Charter sets out the roles and responsibilities of the Audit & Risk Management Committee of our Board of Directors. A copy of the charter is annexed hereto as Schedule A.

The Audit & Risk Management Committee oversees our financial reporting process and internal controls, and consults with management, our accounting department and our independent auditors on matters related to our annual audit and internal controls, published financial statements, accounting principles and auditing procedures. The Audit & Risk Management Committee also reviews management's evaluation of the auditors' independence and submits to the Board of Directors its recommendations on the appointment of auditors. The members of the Audit & Risk Management Committee are Jean-Marie Bourassa (Chairman), Luc Bertrand and Nathalie Le Prohon, all of whom are "independent" and financially literate within the meaning of applicable Canadian securities laws. Jean-Marie Bourassa was the President of Bourassa Boyer Inc., who were the auditors of 5NPlus Inc. and 6367909 Canada Inc. until May 18, 2007.

The relevant education and experience of each member of the Audit & Risk Management Committee is described below:

**Jean-Marie Bourassa** was the founding President and Chief Executive Officer of Bourassa Boyer Inc., an accounting firm, from January 1, 1989 to June 30, 2018 and has served as consulting partner since July 1, 2018. He is a board member of Savaria Corporation, which is listed on the Toronto Stock Exchange, and was until May 22, 2019, the Chief Financial Officer. Mr. Bourassa is involved with various private companies as a shareholder and a director. He was President of the Palliative Care Residence of Vaudreuil-Soulanges Foundation for many years and is now a board member of the Centre d'action bénévole L'Actuel and chairman of the board of the Summerlea Golf & Country Club. Mr. Bourassa has been a Chartered Accountant since 1976 and attained corporate governance certification at Université Laval in 2009.

**Nathalie Le Prohon** is a professional board member with over 30 years of extensive experience in management and consulting including more than 20 years in senior executive positions at IBM in Montreal, Québec City, Toronto and Paris. She is currently acting as President of IBM Québec Technologies. Ms. Le Prohon was President of Nokia Canada from 2003 and 2004. From 2007 to July 2016, Ms. Le Prohon was a full-time corporate director for various public and private entities and not-for-profit organizations. She was Chair of the Board of Groupe Conseil OSI and of the Québec Breast Cancer Foundation, and a director of Alithya, ACCEO Solutions, Bentall Kennedy LP and Hydro-Québec. She was also a member of the external audit committee of the Department of National Defence (Canada). She has a BCOM (Major in MIS) from McGill University, an MBA from Concordia University and was named Concordia University 'Alumna of the Year' in 2009. She is a member of the Institute of Corporate Directors and has attained corporate governance certification at McGill University in 2009.

**Luc Bertrand** is Vice-Chairman of National Bank of Canada, a position he assumed in February 2011. Mr. Bertrand has held various management positions in the financial services industry. From 2000 to 2009, he was President and Chief Executive Officer of Montreal Exchange Inc. and held the position of Vice President and Managing Director of Institutional Equity Sales at National Bank Financial from 1998 to 2000. Aside from his professional duties, Mr. Bertrand is a member of boards of directors and industry committees. He currently serves on the Board of TMX Group and is Chairman of the Board of the BOX Options Exchange and previously held the position of Chief Executive Officer of Maple Group Acquisition Corporation. In recent years, he served as Chairman of the Board of the Montreal Canadians/CH Group Inc. and of the Montréal Climate Exchange. He served as a director of the Canadian Derivatives Clearing Corporation and of the Natural Gas Exchange. He also served as Governor of the Canadian Investor Protection Fund, of the Canadian Securities Institute and of Market Regulation Services. He was a member the Board of the Montreal International Financial Center and of the Institut de finance mathématique de Montréal. He was a member of the Federal Minister of Finance Advisory Committee on Canada's economic action plan in 2009 and is a trustee of the Jean-Louis-Lévesque Foundation.

### **Reliance on Certain Exemptions**

Since December 20, 2007, we have not relied on any of the exemptions regarding the Audit & Risk Management Committee provided in National Instrument 52-110 - *Audit Committees* of the Canadian Securities Administrators.

### ***Audit & Risk Management Committee Oversight***

Since December 20, 2007, the starting trading date of our common shares on the Toronto Stock Exchange, our Board of Directors has not failed to adopt a recommendation of the Audit & Risk Management Committee to nominate or compensate an external auditor.

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

The policies and procedures of the Audit & Risk Management Committee regarding the engagement of non-audit services are set out in the Audit & Risk Management Committee Charter, which is annexed hereto as Schedule A.

### ***External Auditor Service Fees***

The following table lists the fees invoiced by PricewaterhouseCoopers LLP, Chartered Accountants during the twelve-month fiscal year ended December 31, 2022 and the twelve-month fiscal year ended December 31, 2021, in Canadian dollars, for various services rendered to us:

(In Canadian dollars)	Twelve-month fiscal year ended December 31, 2022	Twelve-month fiscal year ended December 31, 2021
Audit fees	\$945,379	\$610,469
Audit-related fees	\$0	\$0
Tax fees	\$42,196	\$39,437
All other fees	\$0	\$0

Tax fees included fees related mainly to Canadian tax compliance and international tax consulting work while other fees included fees related mainly to work relating to the liquidation of certain subsidiaries of the Company.

### **ADDITIONAL INFORMATION**

Additional information, including directors' and officers' compensation and indebtedness (if any), principal holders of our securities and securities authorized for issuance under equity compensation plans, that is not included herein, will be contained in our management proxy circular prepared in connection with our annual meeting of shareholders to be held on May 4, 2023. Additional information relating to us may be found under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional financial information may be found in our annual audited financial statements and Management's Discussion and Analysis for the twelve-month fiscal year ended December 31, 2022.

**SCHEDULE A**  
**CHARTER OF THE AUDIT & RISK MANAGEMENT COMMITTEE**

**OBJECTIVES**

The Board of Directors (the “**Board**”) of 5N Plus Inc. (the “**Company**”) has established an Audit and Risk Management Committee (the “**Committee**”) to assist the Board in fulfilling its oversight responsibilities regarding:

- the integrity of the Company’s accounting and financial reporting;
- the design, implementation and evaluation of internal controls over financial reporting and disclosure controls;
- the Company’s legal and regulatory compliance;
- the identification and management of the Company’s risks;
- the qualifications, independence and appointment of the external auditor;
- the performance of the Company’s internal auditor and external auditor;
- the Company’s whistleblower and complaint procedures; and
- the additional matters described herein or as may be delegated to the Committee by the Board from time to time.

**COMPOSITION**

Following each annual meeting of shareholders, the Board shall appoint a minimum of three independent directors, including the chair of the Committee (the “**Chair of the Committee**”) to be members of the Committee. The members of the Committee will be selected by the Board on the recommendation of the Governance and Compensation Committee (the “**Governance Committee**”).

The Committee shall consist solely of independent Directors (as defined by NI 52-110), all of whom shall be financially literate, and at least one of whom shall be an audit committee financial expert, as defined in accordance with applicable securities laws and standards of stock exchange on which the Company’s securities are listed. Committee members have a duty to immediately notify the chair of the Board if he or she ceases to meet the qualifications for Committee membership for any reason.

Any member may be removed and replaced at any time by the Board and will automatically cease to be a member as soon as the member ceases to meet the qualifications set out above or ceases to be a director.

**CHAIR OF THE COMMITTEE**

At the first meeting of the Board following the annual meeting of shareholders, and upon the recommendation of the Governance Committee, the Board will appoint one member of the Committee to serve as Chair of the Committee.

## MEETINGS

The Committee will meet at least once each quarter and otherwise as necessary. The Audit Committee has authority to convene additional meetings, as circumstances require.

Meetings of the Audit Committee shall be held from time to time and at such place as any member of the Audit Committee shall determine. The Audit Committee may meet by telephone conference or by any other means permitted by law or the Company's by-laws.

Notice of each meeting shall be given to each member, the external auditor, the Chairman of the Board, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Company, any or all of whom shall be entitled to attend.

Each of the CEO, the CFO, the Internal Auditor and the external auditor shall be entitled to request that the Chair of the Committee call a meeting.

The Chair of the Committee shall approve the agenda for the meetings and ensure the supporting materials are properly prepared and circulated to members with sufficient time.

All directors of the Company, including management directors, may attend meetings of the Committee provided, however, that no Director is entitled to vote at such meetings and is not counted as part of the quorum for the Committee if he or she is not a member of the Committee.

Opportunities should be afforded periodically to the external auditor and, as the case may be, to the internal auditor and the senior management to meet separately with the Committee. In addition, the Committee may meet in-camera session, without management present, including management directors, whenever the Committee determines that it is appropriate to do so.

The quorum necessary for the transaction of business at Committee meetings will be a majority of the members of the Committee, one of which shall be the Chair of the Committee, unless otherwise determined from time to time by resolution of the Board. A quorum once established is maintained even if members of the Committee leave the meeting prior to conclusion. Subject to the foregoing requirement, unless otherwise determined by the Board, the Committee shall have the power to fix its quorum and to regulate its procedure. Matters decided by the Committee shall be decided by majority vote.

If the Chair of the Committee is absent from a meeting, the members shall select a chairperson from those in attendance to act as chair of the meeting.

The Chair of the Committee (or, in the absence of the Chair, the acting Chair) shall appoint a person to act as secretary of the meetings. Minutes of the Committee meetings shall be recorded and maintained by the Corporate Secretary, or any other person acting in such capacity, and subsequently presented to the Audit Committee members for approval.

The Committee shall have the authority to retain consultants as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee at the Company's expense.

The Committee will report to the Board on its meetings and each member of the Board will have access to the minutes of the Committee's meetings, regardless of whether the Director is a member of the Committee.

## **RESPONSIBILITIES AND DUTIES**

It is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate. This is the responsibility of management and the external auditor. Nor is it the duty of the Committee to conduct investigations, or to assure compliance with laws and regulations.

The Board hereby delegates to the Committee the following duties to be performed by the Committee on behalf of and for the Board:

### **FINANCIAL REPORTING**

Prior to public disclosure, the Committee will review and recommend to the Board, for approval:

- a) the Company's annual and interim financial statements and related management's discussion and analysis, and earnings press releases;
- b) earnings guidance, if any;
- c) all other material financial documents of the Company, including prospectuses and the annual information form; and
- d) the compliance of management certification of financial reports with applicable legislation and attestation of the Company's disclosure controls and procedures.

In its review, the Committee will:

- a) review unusual or extraordinary items, transactions with related parties, and adequacy of disclosures, asset and liability carrying values, income tax status and related reserves, qualifications, if any, contained in letters of representation and business risks, uncertainties, commitments and contingent liabilities;
- b) ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and shall periodically assess the adequacy of those procedures;
- c) discuss with management and with the external auditor, the appropriateness of the Company's major accounting principles and policies, and any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting;
- d) review material valuation issues;
- e) review material matters relating to audits of subsidiaries; and
- f) review general accounting trends and issues of accounting regulation, policy, standards and practices which affect or may affect the Company.

## **INTERNAL CONTROLS**

The Committee shall review and monitor the Company's internal control procedures and policies and assess the adequacy and effectiveness of internal controls over the accounting and financial reporting systems.

The Committee shall review:

- a) with management and the external auditor, the adequacy and the effectiveness of the internal controls and the reliability of the financial information disclosed;
- b) the procedures to ensure compliance with the law and avoidance of conflicts of interest;
- c) the evaluation by the external auditor of management's internal controls systems, and management's responses to any identified weaknesses that could cause errors or deficiencies in financial reporting or deviations from the accounting policies of the Company or from applicable laws and regulations; and
- d) the appointment of the Chief Financial Officer and any key financial executives involved in the financial reporting process.

## **INTERNAL AUDITOR**

The Committee, in its capacity as a committee of the Board will carry out the following responsibilities with regard to the internal audit function:

- a) review and approve the appointment of the internal auditor, where appropriate and in conjunction with management, remove the internal auditor from office;
- b) review and consider the mandate, annual objectives and performance evaluation of the internal auditor;
- c) oversee the work of the internal auditor including reviewing and approving the internal annual audit plan, and updates thereto;
- d) review the reports of the internal auditor on the status of significant internal audit findings, recommendations and management's responses including follow-up to any identified weakness and review any other reports of the internal auditor;
- e) review the adequacy of the Company's internal audit resources; and
- f) meet regularly with the internal auditor in the absence of management to establish internal audit independence, the level of co-operation received from management, the degree of interaction with the external auditor, and any unresolved material differences of opinion or disputes.

The internal auditor will report quarterly to the Committee on the results of internal audit activities and will also have direct access to the Chair of the Committee as well as all officers of the Company, particularly the CEO.

## **EXTERNAL AUDITOR**

The external auditor is ultimately accountable to the Committee and shall report directly to the Committee. The Committee shall oversee the work of the external auditor including the resolution of disagreements, if any, between management and the external auditor regarding financial reporting and shall make recommendations to resolve such disagreements. In the event that any such disagreement persists, the matter will be referred by the Committee to the Board for a final determination.

Specifically, the Committee will:

- a) recommend to the Board, the appointment or reappointment, of the external auditor and the compensation of such auditor;
- b) when a change of external auditor is proposed, the Committee shall review all issues related to the change, including the information required to be disclosed by regulations and the planned steps for an orderly transition;
- c) review and recommend to the Board, the terms of the external auditor's annual engagement letter and the proposed fees, as well as the compensation of any advisors retained by the Committee;
- d) review and pre-approve any non-audit services to be provided by the external auditor to the Company or its subsidiaries and consider the potential impact of such services on the independence of the external auditor;

- e) review the post-audit or management letter containing the recommendations of the external auditor, and management's response and subsequent follow-up to any identified weakness;
- f) review in consultation with the external auditor, the audit scope and plan of external auditor;
- g) review any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
- h) meet regularly with the external auditor in the absence of management and the internal auditor about internal controls and the fullness and accuracy of the Company's financial statements;
- i) at least annually, review and report to the Board on the independence of the external auditor and obtain a report from the external auditor delineating all significant relationships between the external auditor and the Company. When discussing auditor independence, the Committee will consider both rotating the lead audit partner or audit partner responsible for reviewing the audit after a number of years and establishing hiring policies for employees or former employees of its external auditor;
- j) at least annually, obtain and review a report by the external auditor describing the auditor's quality-control procedures and any material issues arising from the periodic quality control review and any steps taken to deal with any such issues;
- k) review the performance of the external auditor and the effectiveness of the external audit process and report the Committee's findings to the Board; and
- l) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

## **RISK MANAGEMENT**

The Committee will review, report and, where appropriate, make recommendations to the Board:

- a) the Company's major financial risk exposures and the steps taken to monitor and control such exposure;
- b) reports on business continuity, disaster recovery planning and external threat/hazard monitoring for the Company;
- c) monitor and evaluate the Company's insurance programs and the liability insurance coverage for the directors and officers (annually and as required);
- d) assurances of compliance with covenants in trust deeds or loan agreements;
- e) review incidents of fraud, illegal acts, and actual and potential conflicts of interest.
- f) the disclosure policy of the Company and recommend any material changes thereto to the Board for approval; and
- g) the quality and accuracy of computerized accounting systems, the adequacy of the protections against damage and disruption, and security of confidential information through information systems reporting.

## **RELATED PERSON TRANSACTION APPROVAL**

The Committee shall review and approve or ratify any "related person transaction" that is required to be disclosed in the Company's management proxy circular or information statement. Any member of the Committee that is a "related person" with respect to any such transaction, shall not participate in the review and approval or ratification of such transaction, but may provide information relating thereto if requested by the Committee.

## **COMPLIANCE WITH LEGAL REQUIREMENTS**

The Committee will ensure that the Company has in place adequate procedures for:

- a) the receipt, retention and treatment of complaints or concerns, including those regarding accounting, internal controls or audit matters; and
- b) the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters.

The Committee will review any legal matters that may have a significant impact on the financial statements, the Company's compliance policies and any material reports or inquiries received from regulators or government agencies.

The Committee shall conduct and authorize investigations into any matters within the Committee's scope of responsibilities.

## **OTHER RESPONSABILITIES**

The Committee will review the expenses of the Board and CEO.

Together with the Governance Committee, the Committee will carry out annually an assessment of its performance.

The Committee will perform any other activities consistent with this charter, the Company's by-laws and governing law, as the Committee or the Board deems necessary or appropriate.

## **COMMITTEE COMPENSATION**

Members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may determine from time to time.

## **REVIEW OF CHARTER OF THE COMMITTEE**

The Committee will review the adequacy of this charter on an annual basis and report any recommendations for change to the Governance Committee.

Nothing contained in this mandate is intended to expand applicable standards of conduct under statutory or regulatory requirements for the directors of the Company or the members of the Audit & Risk Management Committee. Even though the Audit & Risk Management Committee has a specific mandate and its members may have financial experience, they do not have the obligation to act as auditors or to perform auditing, or to determine that the Company's financial statements are complete and accurate. Members of the Audit & Risk Management Committee are entitled to rely, absent knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, and (iii) representations made by management as to the non-audit services provided to the Company by the external auditors. The Audit & Risk Management Committee's oversight responsibilities are not established to provide an independent basis to determine that (i) management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures, or (ii) the Company's financial statements have been prepared and, if applicable, audited in accordance with generally accepted accounting principles.

Approved by the Board of Directors on November 2, 2021