

**STARREX INTERNATIONAL LTD.**  
**MANAGEMENT INFORMATION CIRCULAR**  
**FOR THE**  
**ANNUAL AND SPECIAL MEETING**  
**OF SHAREHOLDERS**  
to be held on December 4, 2019

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**PROXY SOLICITATION**

This Management Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by and on behalf of the management of **STARREX INTERNATIONAL LTD.** (the “**Corporation**” or “**Starrex**”) for use at the annual and special meeting (sometimes referred to as the “**Meeting**”) of the holders of common shares of the Corporation to be held at 1250 Standard Life Building, 639 5<sup>th</sup> Avenue S.W., Calgary, AB T2P 0M9 on December 4, 2019, at 11:00 a.m. (Calgary time) and at any adjournments thereof, for the purposes set forth in the notice (the “**Notice**”) of the annual and special meeting accompanying this Circular.

All costs of this solicitation of proxies by management will be borne by the Corporation. In addition to the solicitation of proxies by mail, directors and officers of the Corporation may solicit proxies personally by telephone or other telecommunication but will not receive additional compensation for doing so.

The information contained herein is given as of October 1, 2019, unless otherwise noted.

This Circular describes the matters to be acted on at the Meeting and the procedures for attending or appointing proxies to vote at the Meeting.

**PART ONE**

**VOTING INFORMATION AND PRINCIPAL SHAREHOLDERS**

**APPOINTMENT AND REVOCABILITY OF PROXIES**

**REGISTERED SHAREHOLDERS**

If you are a registered shareholder, you can vote your shares at the Meeting in person or by proxy. If you wish to vote in person at the Meeting, do not complete or return the form of proxy included with this Circular. Your vote can be cast by you in person and counted at the Meeting. If you do not wish to attend the Meeting or do not wish to vote in person, complete and deliver a form of proxy in accordance with the instructions given below.

**Appointment of Proxy**

A form of proxy is enclosed and, if it is not your intention to be present in person at the Meeting, you are asked to sign, date and return the form of proxy in the envelope provided. The persons named in the enclosed form of proxy are directors or officers of the Corporation. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person (who need not be a shareholder of the Corporation), other than the persons designated in the enclosed form of proxy, to attend and vote for you at the Meeting.** Such right may be exercised by striking out the names of the persons designated in the enclosed form of proxy and by inserting in the blank space provided for that purpose the name of the person to be appointed or by completing another proper form of proxy. It is important to ensure that any other person you appoint is attending the Meeting and is aware that he or she has been appointed to vote your shares. Proxyholders should upon arrival at the Meeting present themselves to a representative of the scrutineers at the Meeting.

The form of proxy must be executed by the shareholder or his attorney duly authorized in writing or, if the shareholder is a corporation, by instrument in writing executed (under corporate seal if so required by the rules and laws governing the corporation) by a duly authorized signatory of such corporation. If the proxy is executed by a duly authorized attorney or authorized signatory of the shareholder, the proxy should reflect such person's capacity following his or her signature and should be accompanied by the appropriate instrument evidencing such person's qualifications and authority to act (unless such has been previously filed with the Corporation or the Corporation's registrar and transfer agent, Reliable Stock Transfer Inc.).

### **Depositing Proxy**

Proxies to be exercised at the Meeting must be mailed to or deposited with the Corporation's registrar and transfer agent, **Reliable Stock Transfer Inc.**, 100 King Street West, Suite 5700, Toronto, Ontario M5X 1C7 Attention: Proxy Department, such that they are received at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) prior to the commencement of the Meeting or any adjournment thereof, in default of which they may be treated as invalid, although the Chairman of the Meeting has the discretion to accept proxies filed less than 48 hours prior to the commencement of the Meeting, or any adjournment thereof.

A proxy is valid only at the meeting in respect of which it is given or any adjournment of that meeting.

### **NON-REGISTERED OR BENEFICIAL SHAREHOLDERS**

Your shares may not be registered in your name but in the name of an intermediary (which is usually a bank, trust company, securities dealer or stock broker, or trustees or administrators of self administered registered savings plans, registered retirement savings funds, registered education savings plans and similar plans, or a clearing agency in which an intermediary participates). If your shares are listed in an account statement provided to you by a broker, then it is likely that those shares will not be registered in your name but under the broker's name or under the name of an agent of the broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited which acts as the nominee for many Canadian brokerage firms) and, in the United States, under the name of Cede & Co. (the registration name for The Depository Trust Company, which acts as depository for many U.S. brokerage firms and custodian banks).

If your shares are registered in the name of an intermediary or a nominee, you are a non-registered or beneficial shareholder (a "**beneficial shareholder**"). Beneficial shareholders should be aware that only registered shareholders whose names appear on the share register of the Corporation, or the persons they appoint as their proxies, are entitled to vote at the Meeting. The purpose of the procedures described below is to permit non-registered shareholders to direct the voting of the shares they beneficially own. There are two categories of beneficial shareholders. Beneficial shareholders who have provided instructions to an intermediary that they do not object to the intermediary disclosing ownership information about them are considered to be Non-Objecting Beneficial Owners ("**NOBOs**"). Beneficial shareholders who have objected to an intermediary providing ownership information are Objecting Beneficial Owners ("**OBOs**").

The Corporation has distributed copies of this Circular, the accompanying form of proxy, the Notice, a letter to shareholders from the President (collectively, the "**Meeting Materials**"), either directly to registered shareholders and to the NOBOs or to intermediaries for distribution to NOBOs together with the intermediary's form of proxy or voting instruction form. The Corporation has not distributed any Meeting Materials to intermediaries for distribution to the OBOs. Unless you have waived your rights to receive the Meeting Materials, the Corporation is required to deliver them to you as a beneficial shareholder of the Corporation and to seek your instructions as to how to vote your shares.

These Meeting Materials are being sent to both registered shareholders and NOBOs. If you are a non-registered NOBO, and if the Corporation or its transfer agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance

with applicable securities regulatory requirements from the intermediary holding shares on your behalf.

If the Corporation or its transfer agent has sent these materials directly to you, as a beneficial shareholder, the Corporation (and not the intermediary holding shares on your behalf) has assumed responsibility for (i) delivering these materials to the beneficial shareholder, and (ii) executing the beneficial shareholder's proper voting instructions.

If you are a beneficial shareholder who has received these proxy-related materials directly from the Corporation or transfer agent, please return your voting instructions as specified in the request for voting instructions.

## **VOTING PROCEDURE FOR BENEFICIAL SHAREHOLDERS**

Brokers or agents can only vote shares of the Corporation if instructed to do so by the beneficial shareholder.

Every broker or agent has its own mailing procedure and provides its own instructions. Typically, a beneficial shareholder will be given a voting instruction form which must be completed and signed by the beneficial shareholder in accordance with the instructions provided by the intermediary. The purpose of this form is to seek instructions from the beneficial shareholder on how to vote on behalf of or otherwise represent the beneficial shareholder. A beneficial shareholder cannot use this form to vote or otherwise represent shares in person at the Meeting. If you are a beneficial shareholder, you must follow the instructions provided by the intermediary in order to ensure that your shares are voted or otherwise represented at the Meeting.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada and in the United States. In such circumstances, Broadridge mails a voting instruction form in lieu of the proxy provided by the Corporation. The voting instruction form will name the same persons as the Corporation's proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a beneficial shareholder of the Corporation) other than the persons designated in the voting instruction form to represent you at the Meeting. To exercise this right, you should insert the name of your desired representative in the blank space provided in the voting instruction form. The completed voting instruction form must then be returned to Broadridge by mail or facsimile or be given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. If you receive a voting instruction form from Broadridge, you cannot use it to vote shares directly at the Meeting – the instruction form must be returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the shares voted or otherwise represented at the Meeting.

Occasionally, a beneficial shareholder may be given a proxy that has already been signed by the intermediary. This form of proxy is restricted to the number of shares owned by the beneficial shareholder but is otherwise not completed. This form of proxy does not need to be signed by you. In this case, you can complete and deliver the proxy as described above under the heading "*Registered Shareholders*".

**Beneficial shareholders should carefully follow the instructions of their intermediary on the forms they receive, including those regarding when and where the form of proxy or voting instruction form is to be delivered, and contact their intermediaries promptly if they need assistance.**

### a) Objecting Beneficial Owners – OBOs

If you are an OBO and you receive Meeting Materials from an intermediary, you cannot use the mechanisms described above for registered shareholders and must follow the instructions provided by the intermediary in order to ensure that your shares are voted or otherwise represented at the Meeting. Please refer to the narrative above for non-registered or beneficial

owners.

b) Non-Objecting Beneficial Owners – NOBOs

If you, as a NOBO, receive the Corporation's form of proxy, you may complete and deliver the proxy as described above under the heading "*Registered Shareholders*". If you, as a NOBO, receive the intermediary's voting instruction form, follow the instructions provided by the intermediary with respect to completing and returning the form in order to ensure that your shares are voted or otherwise represented at the Meeting.

c) Beneficial Shareholders – Attendance at Meeting

Although as a beneficial shareholder you may not be recognized directly at the Meeting for the purposes of voting shares registered in the name of your broker or other intermediary, you may attend at the Meeting as proxyholder for your broker or other intermediary and vote your shares in that capacity. As a result of recent amendments to applicable securities legislation, the process for a beneficial shareholder to attend and vote at the Meeting in person has been simplified. A beneficial shareholder is not required to complete a legal form of proxy. However, since the Corporation has limited access to the names of its beneficial shareholders, if you, as a beneficial shareholder, wish to attend the Meeting, the Corporation may have no record of your shareholdings or of your entitlement to vote unless your intermediary has appointed you as proxyholder. Therefore, if you wish to attend and vote at the Meeting in person (or have another person attend and vote on your behalf), you should enter your own name in the blank space on the voting instruction form provided to you, sign and return it to your broker or other intermediary or the Corporation's transfer agent in accordance with the instructions provided by your broker or other intermediary or transfer agent. Please do so well in advance of the Meeting. Please register with the registrar and transfer agent, Reliable Stock Transfer Inc., upon arrival at the Meeting.

Alternatively, you can request in writing that your broker or other intermediary send you a legal proxy which would enable you, or a person designated by you, to attend at the Meeting and vote your shares.

## REVOCATION OF PROXIES AND VOTING INSTRUCTION FORMS

A registered shareholder who executes and returns a proxy may revoke it (to the extent it has not been exercised) by depositing a written statement to that effect executed by the shareholder or his, her or its attorney duly authorized in writing or by electronic signature or by transmitting by telephonic or electronic means, a revocation that is signed by electronic signature, or, if the shareholder is a corporation, by written instrument executed (under corporate seal if so required by the rules and laws governing the corporation) by a duly authorized signatory of such corporation:

- (a) with the Corporation's registrar and transfer agent, Reliable Stock Transfer Inc., 100 King Street West, Suite 5700, Toronto M5X 1C7, Attention: Proxy Department, not later than 11:00 a.m. (Toronto time) on Friday, November 1, 2019;
- (b) with the Chairman of the Meeting on the day of the Meeting, or any adjournment or postponements thereof, at any time prior to a vote being taken in reliance on such proxy; or
- (c) in any other manner permitted by law.

A registered shareholder who has revoked a proxy may submit another proxy by delivering another properly executed form of proxy bearing a later date and depositing it as described above under the heading "*Depositing Proxy*".

A beneficial shareholder may revoke a voting instruction or may revoke a waiver of the right to receive the Meeting Materials or a waiver of the right to vote given to an intermediary at any time by written

notice to the intermediary, except that an intermediary is not required to act on any such revocation that is not received by the intermediary well in advance of the Meeting.

### **VOTING OF SHARES BY PROXY**

The proxyholders named in the accompanying form of proxy shall and will vote the shares represented thereby on any ballot in accordance with the shareholder's direction set forth in the proxy. **IN THE ABSENCE OF SUCH DIRECTION, THE SHARES REPRESENTED THEREBY WILL BE VOTED IN FAVOUR OF (i) THE APPOINTMENT OF UHY MCGOVERN HURLEY LLP, CHARTERED ACCOUNTANTS, AS THE AUDITORS OF THE CORPORATION AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THE AUDITORS' REMUNERATION AND TERMS OF ENGAGEMENT, (ii) THE ELECTION OF THE MANAGEMENT NOMINEE DIRECTORS, and (iii) THE RATIFICATION AND APPROVAL OF THE CORPORATION'S STOCK OPTION PLAN,** all as discussed below.

An intermediary may not vote, or give a proxy authorizing another person to vote, except in accordance with voting instructions received from the non-registered shareholder who beneficially owns the shares.

### **EXERCISE OF DISCRETION BY PROXY**

**The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to the matters identified in the Notice and with respect to other matters which may properly come before the Meeting or any adjournments thereof.** At the date of this Circular, management of the Corporation knows of no amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. **If amendments or variations to matters identified in the Notice or if other matters properly come before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote in accordance with their judgment on such matters.**

### **RECORD DATE**

The board of directors of the Corporation (the "**Board**") has determined that the holders of common shares at the close of business on October 1, 2019 (the "**Record Date**") shall be entitled to receive notice of the Meeting and to vote at the Meeting and any adjournment thereof. Accordingly, only shareholders of record on such Record Date will be entitled to vote at the Meeting.

### **OUTSTANDING VOTING SHARES, VOTING AT MEETINGS AND QUORUM**

The authorized capital of the Corporation consists of an unlimited number of common shares and an unlimited number of Class A special shares without nominal or par value issuable in series. As of the date of this Circular, 15,552,525 common shares of the Corporation are outstanding and no Class A special shares are issued and outstanding. Holders of common shares as of the close of business on the Record Date will be entitled to one vote per common share at the Meeting. The Corporation will prepare, or cause to be prepared, a list of shareholders ("**Shareholders' List**") entitled to receive notice of the Meeting not later than ten (10) days after the Record Date. At the Meeting, the holders of common shares shown on the Shareholders' List will be entitled to one (1) vote per common share shown opposite their names on the Shareholders' List.

Unless otherwise required by law, every question coming before the Meeting will be determined by a majority of votes duly cast on the matter.

Proxies returned by intermediaries as "non-votes" because the intermediary has not received instructions from the non-registered shareholder with respect to the voting of certain shares or, under applicable regulatory rules, the intermediary does not have the discretion to vote those shares on one or more of the matters that come before the Meeting, will be treated as not entitled to vote on any such matter and will not be counted as having been voted in respect of any such matter. Shares represented by such

intermediary “non-votes” will, however, be counted in determining whether there is a quorum.

A quorum for the Meeting and any adjournments thereof is two persons present in person or representing holders of shares entitled to vote thereat.

## PRINCIPAL HOLDERS OF VOTING SHARES

The following table sets forth the names of each person who, or corporation which, to the knowledge of the directors and officers of the Corporation, beneficially owns or exercises control over, directly or indirectly, more than 10% of the outstanding voting securities of the Corporation, as well as the number of voting securities so owned, controlled or directed by each such person or corporation and the percentage of the outstanding voting securities of the Corporation so owned, controlled or directed, as of October 1, 2019.

Name	Number of Voting Securities	Type of Ownership	Percentage of Outstanding Common Shares
Tyrrell L. Garth <sup>(1)</sup>	3,113,688 Common Shares	Direct and control or direction	20.02%
P. Garrett Clayton <sup>(2)</sup>	3,663,640 Common Shares	Direct and control or direction	23.56%

Note:

- (1) Of this number, Tyrrell L. Garth exercises control and direction over 1,522,194 shares held by 405 Manhattan Investments, LLC and 100,000 held by Garth Family Art Limited Partnership
- (2) Of this number, P. Garrett Clayton, the President, Chief Executive Officer and Director of Starrex, exercises control and direction over 424,837 shares held by American Capital Equity Fund, LLC. and 769,767 held by Amcap Mortgage, Ltd.

The directors and officers of the Corporation own or control, directly or indirectly, in the aggregate 4,750,188 common shares representing approximately 30.54% of the issued and outstanding common shares of the Corporation.

## COMPENSATION OF NAMED EXECUTIVE OFFICERS

The Summary Compensation Table below details all of the compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, for the fiscal year ended December 31, 2018, to the Chief Executive Officer, the Chief Financial Officer and the other individuals to a maximum of three who were the most highly compensated executive officers of the Corporation and its subsidiaries and whose total compensation from the Corporation and its subsidiaries in each of the Corporation’s three most recently completed financial years (collectively, with the Chief Executive Officer and the Chief Financial Officer, the “**Named Executive Officers**” or the “**NEOs**” of the Corporation). Total compensation encompasses, as applicable, regular salary, dollar amount of option awards, non-equity incentive plan compensation which would include discretionary and non-discretionary bonuses, pension value with compensatory amounts for both defined and non-defined contribution retirement plans, and all other compensation which could include perquisites, tax gross-ups, premiums for certain insurance policies, payments resulting from termination, resignation, retirement or a change in control and all other amounts not reported in another column.

**SUMMARY COMPENSATION TABLE**

(Year Ended December 31, 2018)

Name and principal position	Fiscal Year Ended Dec. 31	Salary (\$) (US or Cdn) <sup>(6)</sup>	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$) (US or Cdn) <sup>(6)</sup>
			Value at time of grant	Value at time of grant	Annual incentive plans	Long-term incentive plans			
P. Garrett Clayton, Director <sup>(1)(5)</sup>	2018	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	2017	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	2016	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Ronald Mann, Chief Operating Officer, Corporate Secretary, <sup>(2)(5)</sup>	2018	120,000 US	NIL	NIL	NIL	NIL	NIL	NIL	120,000 US
	2017	120,000 US	NIL	NIL	NIL	NIL	NIL	NIL	120,000 US
	2016	120,050 Cdn	NIL	NIL	NIL	NIL	NIL	NIL	120,050 US
Matthew D. Hill President and Chief Executive Officer <sup>(3)(5)</sup>	2018	105,280 US	NIL	NIL	NIL	NIL	NIL	NIL	105,280 US
	2017	105,280 US	NIL	NIL	NIL	NIL	NIL	NIL	105,280 US
	2016	105,280 US	NIL	NIL	NIL	NIL	NIL	NIL	105,280 US
Dr. Deborah Merritt, Chief Financial Officer <sup>(4)</sup>	2018	105,280 US	NIL	NIL	NIL	NIL	NIL	NIL	105,280 US
	2017	105,280,347 US	NIL	NIL	NIL	NIL	NIL	NIL	105,280 US
	2016	108,347 US	NIL	NIL	NIL	NIL	NIL	NIL	108,347 US

Notes:

- (1) P. Garrett Clayton was appointed President, director, and Chief Executive Officer on December 9, 2013, and resigned November 1, 2016 as President and Chief Executive Officer
- (2) Ronald Mann was appointed Corporate Secretary on December 9, 2013 and was Interim Chief Financial Officer from December 9, 2013 to November 3, 2014.
- (3) Matthew D. Hill was appointed Senior Vice President Sept 1, 2015 and President and Chief Executive Officer on November 1, 2016.
- (4) Dr. Merritt was appointed Chief Financial Officer on November 3, 2014
- (5) Options were awarded to Mr. Clayton (225,000) and Mr. Mann (175,000) during 2014, and Matthew D. Hill (100,000) in 2015; however, there was no value to the options at the time of the grant.
- (6) Effective January 1, 2015, the Corporation changed its reporting currency in its financial statements from the Canadian dollar to the United States dollar.

Option values were calculated using the Black-Scholes option-pricing model and were based on the following in each year:

Year	Dividend yield	Expected volatility	Risk free interest rate	Expected life
2018	0%	120%	2.15%	5
2017	0%	207%	0.74%	5
2016	0%	100%	0.53%	5

## LONG TERM INCENTIVE PLANS (LTIP) AWARDS

The Corporation does not have a long term incentive plan, other than stock options granted from time to time by the Board under the provisions of the Corporation's stock option plan.

### *Equity Compensation Plan Information*

A previous version of the stock option plan (the "**Old Stock Option Plan**") was first implemented by the Corporation in 2005. As of March 11, 2014, the Board approved a new stock option plan (the "**Stock Option Plan**") which replaced the Old Stock Option Plan. The Stock Option Plan was approved by the shareholders on April 17, 2014, and re-approved on June 16, 2015, July 12, 2016, August 10, 2017 and October 30, 2018.

### Summary of Terms and Conditions of the Stock Option Plan

The purpose of the Stock Option Plan is to attract, retain and motivate Eligible Persons (as defined below) by affording such persons the opportunity to acquire an equity interest in the Corporation through rights granted to purchase common shares of the Corporation. The exercise price of the stock options granted is determined at the discretion of the Board but may not be less than the market price, defined as the closing price on the stock exchange on which the shares are trading (the "**Exchange**") on the day prior to the grant. If no trading has occurred on the day prior to the grant then the market price shall be determined by averaging the closing bid and ask price on the day prior to the grant. The term and vesting period for options granted under the Stock Option Plan is also determined at the discretion of the Board but in no circumstances shall the options granted pursuant to the Stock Option Plan have a term in excess of ten years.

Under the Stock Option Plan, options may be granted in favour of directors, officers, key employees (part-time or full-time) or consultants or corporations that are wholly-owned by any of the foregoing, or consultant companies of the Corporation or any subsidiary ("**Eligible Persons**").

The Stock Option Plan is in the form of a "rolling" stock option plan reserving for issuance upon the exercise of options granted pursuant to the Stock Option Plan a maximum of 10% of the issued and outstanding common shares at any time (on a non-diluted basis) subject to the receipt of any necessary approval from the shareholders and/or securities regulatory authorities. The Stock Option Plan is to be administered by the Board in accordance with the rules and policies of the Exchange.

Subject to the provisions of the Stock Option Plan, the directors may receive recommendations of management or any committee of the Board and shall determine and designate from time to time those Eligible Persons to whom options should be granted, the number of common shares which will be optioned from time to time to such Eligible Persons and the terms and conditions of each such grant of options, including the term and any vesting provisions. The Board will comply with all Exchange and other regulatory requirements in granting options and otherwise administering the Stock Option Plan.

The Board may make certain amendments to the Stock Option Plan and may discontinue the Stock Option Plan without security holder approval at any time upon receipt of any necessary regulatory approval including, without limitation, approval of the Exchange. Such powers of the Board to amend the Stock Option Plan include but are not limited to:

- (a) minor changes of a housekeeping nature;
- (b) amending options issued under the Stock Option Plan, including with respect to the option period (provided that the period during which an option is exercisable does not exceed 10 years from the date on which the option was granted), vesting period, exercise method and frequency, option price and method of determining the option price, assignability and effect of termination of an Eligible Person's employment or cessation of the optionee's directorship;



- (c) changing the classes of Eligible Persons able to participate under the Stock Option Plan;
- (d) accelerating vesting or extending the expiration date of any option (provided that such option is not held by an insider), provided that the period during which an option is exercisable does not exceed 10 years from the date on which the option was granted; and
- (e) adding a cashless exercise feature, payable in cash or securities, whether or not providing for a full deduction of the number of underlying common shares from the Stock Option Plan reserve.

Any amendments to the terms of an option shall also be subject to any necessary regulatory approval, including without limitation, the approval of the Exchange. The Board will however, require shareholder approval at all times in the following circumstances:

- (a) the extension of the term of an option held by an insider;
- (b) the reduction in the exercise price of an option held by an insider;
- (c) increasing the maximum percentage of common shares available for issuance under the Stock Option Plan to a percentage that is greater than that which is currently available under the Stock Option Plan; and
- (d) changing the number of common shares available for issuance under the Stock Option Plan from a rolling percentage to a fixed maximum number, where such fixed maximum number of common shares available for issuance is greater than the number that shareholders had previously consented to under the rolling plan.

A summary of some of the additional provisions of the Stock Option Plan are as follows:

- (a) insider participation shall be limited such that the number of common shares issued to insiders within a one-year period, or issuable to insiders at the time of any such grant, under the Stock Option Plan, together with any other security-based compensation arrangement, shall not exceed 10% of issued and outstanding common shares;
- (b) the Stock Option Plan does not provide for a maximum number of common shares which may be issued to an individual pursuant to the Stock Option Plan and any other share compensation arrangement (expressed as a percentage or otherwise);
- (c) the Stock Option Plan does not provide for a maximum number of common shares which may be issued to any one consultant pursuant to the Stock Option Plan and any other share compensation arrangement (expressed as a percentage or otherwise);
- (d) the Stock Option Plan does not provide for a maximum number of common shares which may be issued to employees, consultants and their associates engaged in investor relations activities for the Corporation (expressed as a percentage or otherwise); however, options granted to consultants performing investor relations activities for the Corporation shall vest over twelve (12) months from the date of the grant, with no more than one-quarter (1/4) of the options vesting in any three (3) month period;
- (e) options granted shall be non-assignable and non-transferable;
- (f) the Board may authorize the Corporation to loan money at its discretion to an Eligible Person on such terms as it may determine to assist such Eligible Person to exercise an option held by such person;
- (g) if an optionee ceases to be an Eligible Person for cause or for breach of a consulting agreement, no option held by such optionee may be exercised following the date on which such optionee ceases to be an Eligible Person;
- (h) if an optionee dies while an Eligible Person (if an individual), any vested option held by him at the date of death shall be exercisable, but only by the person or persons to whom the optionee's rights under the option shall pass by the optionee's will or the laws of descent and distribution, for a period of one (1) year after the date of death or prior to the

expiration of the option period in respect thereof, whichever is sooner; and

- (i) if an optionee ceases to be an Eligible Person because of resignation, retirement or any reason other than cause or death, any vested option held by such optionee may be exercised only for a period of ninety (90) days after the date on which such optionee ceases to be an Eligible Person, or prior to the expiration of the option period in respect thereof, whichever is sooner, with the exception of optionees who provide investor relations activities whose options may be exercised only for a period of thirty (30) days after the date on which such optionee ceases to be an Eligible Person, or prior to the expiration of the option period in respect thereof, whichever is sooner.

As of the date hereof, there are stock options to purchase 325,000 common shares issued and outstanding under the Stock Option Plan. Options to purchase an additional 1,230,252 common shares remain issuable under the Stock Option Plan which represents 7.9% of the common shares currently issued and outstanding. The Stock Option Plan information in the following table is given as of October 1, 2019

### EQUITY COMPENSATION PLAN TABLE (1)

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	325,000 (options)	\$1.05	1,230,252 <sup>(1)</sup>
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	325,000 (options)	\$1.05 US	1,230,252 <sup>(1)</sup>

Note:

- (1) Based on 10% of the 15,552,525 common shares outstanding on October 1, 2019.

### OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS

The following table sets forth information concerning all option-based and share-based awards granted to the Named Executive Officers that were granted before, and remain outstanding as of, the end of the most recently completed financial year ended December 31, 2018.

Name	Option-based awards				Share-based awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$ US)	Option expiration date	Value of unexercised in-the-money options (\$ US) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
P. Garrett Clayton, Chief Executive Officer to Nov 1, 2016	225,000	0.18 <sup>(2)</sup>	April 17, 2019	\$126,000	NIL	NIL	NIL

Name	Option-based awards				Share-based awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$ US)	Option expiration date	Value of unexercised in-the-money options (\$ US) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Ronald K. Mann, Corporate Secretary	175,000	0.18 <sup>(2)</sup>	April 17, 2019	\$129,500	NIL	NIL	NIL
Dr. Deborah Merritt, Chief Financial Officer	NIL	N/A	N/A	NIL	NIL	NIL	NIL
Matthew D. Hill, Chief Executive Officer since Nov. 1, 2016	100,000	1.25 <sup>(3)</sup>	September 1, 2020	NIL	NIL	NIL	NIL

Notes:

- (1) The value of option-based awards is based on the closing price on the CSE for the common shares on the last day of the fiscal year, December 31, 2018, namely US \$.74, Cdn \$1.49 per share
- (2) The exercise price is Cdn \$0.25. These options were exercised on April 11, 2019.
- (3) The exercise price is Cdn \$1.70

### INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for the Named Executive Officers for the financial year ended December 31, 2018.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
P. Garrett Clayton, President and Chief Executive Officer, to Nov 1, 2016	NIL	NIL	NIL
Ronald K. Mann, Chief Operating Officer and Corporate Secretary	NIL	NIL	NIL
Dr. Deborah Merritt Chief Financial Officer	NIL	NIL	NIL
Matthew Hill, President and Chief Executive Officer, since Nov. 1, 2016	NIL	NIL	NIL

The terms of the Stock Option Plan are discussed in detail above under the heading “*Long Term Incentive Plans (LTIP) Awards – Equity Compensation Plan Information*”.

### OTHER COMPENSATION MATTERS

#### Pension Plan Benefits

There are no pension plan benefits or other retirement benefits in place for any of the Named Executive Officers or directors.

## **Termination of Management Contracts or of Employment and Change of Control Benefits**

Other than as set forth below there are no plans or agreements or arrangements in place with respect to any of the Named Executive Officers for termination of employment or change in control benefits. See below under the heading “*Interest of Certain Persons and Companies in Matters to be Acted Upon and Interests of Informed Persons in Material Transactions*” for details of relevant contract provisions.

Under the Corporation’s stock option plan, options expire 90 days after a person ceases to be an Eligible Participant except for Investor Relations Optionees whose options expire in 30 days. In the event of a takeover bid of the Corporation, all optionees under the Stock Option Plan become entitled to exercise all options held by such optionee, whether or not vested at such time.

## **Indebtedness of Directors, Executive Officers and Employees**

No individual who is or, at any time since the beginning of the most recently completed financial year, was a director, senior officer or employee of the Corporation, and no person who is a proposed nominee for election as a director of the Corporation, and no associate of any such director, senior officer, employee or proposed nominee is or, at any time since the beginning of the last completed financial year, was indebted to the Corporation.

## **Management Contracts**

Reference is made to the section entitled “*Interest of Certain Persons and Companies in Matters to be Acted Upon and Interests of Informed Persons in Material Transactions*” for details of the management contracts entered into by the Corporation.

## **Compensation Risk Assessment and Mitigation**

The Board of Directors considers the implications of the risks associated with the Corporation's compensation policies and practices when determining rewards for its executives and ensures that those policies do not encourage management to take inappropriate or excessive risks. The Board of Directors does not believe that there are any risks arising from the compensation programs that would be reasonably likely to have a material adverse effect on the Corporation.

The Corporation's compensation program includes several mechanisms to ensure risk-taking behaviour falls within reasonable risk tolerance levels, including:

- a balanced compensation mix between fixed and variable (at 0 risk) and between short and long-term incentives that defer award value
- requirement for Board approval of short-term incentive awards
- establishment of a compensation package within range of competitive practices (peer group)
- utilizing longer-term incentive plans for diversification and alignment with risk realization periods (option-based awards)

Under the Corporation's policies, neither officers nor directors are permitted to take any derivative or speculative positions in the Corporation's securities. This is to prevent the purchase of financial instruments that are designed to hedge or offset any decrease in the market value of the Corporation's securities

## DIRECTORS' COMPENSATION

The Corporation has and had no arrangements, standard or otherwise, pursuant to which directors are or were compensated by the Corporation for their services in their capacity of directors, or for committee participation, involvement in special assignments or for services as consultants or experts during the most recently completed financial year or subsequently, up to and including the date of this Circular other than as described in this Circular. Although the directors currently receive no fees for acting as directors of the Corporation, they are entitled to participate in the Stock Option Plan (see “*Long Term Incentive Plans (LTIP) Awards – Equity Compensation Plan Information*”). Accordingly, their compensation is designed to align their interests with the returns to shareholders. In addition, certain directors received or participated in fees payable by the Corporation to their firms (see “*Interest of Certain Persons or Companies in Matters to be Acted Upon and Interests of Informed Persons in Material Transactions*”).

The compensation provided to directors who are also NEOs is not shown on the following table but is included in the Summary Compensation Table for NEOs which appears in the section above entitled “*Compensation of Named Executive Officers*”.

### Factors in Awarding Director Compensation

Directors of the Corporation are not paid any fees for acting as such but are entitled to be reimbursed for their out of pocket expenses for attending meetings of the directors, meetings of the Audit Committee or meetings of the shareholders of the Corporation. The directors are eligible to be granted stock options, as described above under the heading “*Long Term Incentive Plans (LTIP) Awards - Equity Compensation Plan Information*”.

### Incentive Plan Awards (Directors)

Directors are eligible to participate in the Stock Option Plan. Directors are not entitled to bonuses or to other non-equity incentive plans.

The following table sets forth certain information concerning option-based and share-based awards granted to directors other than NEOs outstanding as of the end of the most recently completed financial year ended December 31, 2018.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options	Option exercise price (\$ US)	Option expiration date	Value of unexercised in-the-money options (\$ US) <sup>(1)</sup>	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Garfield J. Last	100,000	0.18 <sup>(2)</sup>	April 17, 2019	\$56,000	N/A	N/A	NIL

Notes:

- (1) The value of option-based awards, which are vested, is based on the closing price on the CSE for the common shares on the last day of the fiscal year, December 31, 2017, namely US \$0.74, Cdn \$1.49 per share.
- (2) The exercise price is Cdn \$0.25. These options were exercised on April 15, 2019.

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for the directors other than the NEOs for the financial year ended December 31, 2017.

Name	Option-based awards – Value vested during the year (\$ US)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
NIL	NIL	NIL	NIL

The terms of the Stock Option Plan are discussed in detail above under the heading “*Long Term Incentive Plans (LTIP) Awards – Equity Compensation Plan Information*”.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information as at the end of the Corporation's most recently completed financial year with respect to compensation plans under which equity securities of the Corporation are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	325,000	\$1.05 US	1,230,252 <sup>(1)</sup>
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	325,000	\$1.05 US	1,230,252 <sup>(1)</sup>

Note: (1) Based on the 15,552,525 common shares outstanding on October 1, 2019.

## PART TWO

### CORPORATE GOVERNANCE AND OTHER MATTERS

National Instrument 58-101- *Disclosure of Corporate Governance Practices*, establishes corporate governance guidelines which apply to all public companies. The Corporation has reviewed its own corporate governance guidelines which comply with all applicable requirements.

#### THE BOARD

The Board of the Corporation and its senior management believe that the Corporation has established and operates in an environment of effective internal control with strong corporate governance structures and procedures in place.

Certain of the directors are also directors of other reporting issuers (or the equivalent) in Ontario or in another jurisdiction within Canada as follows:

Director	Other Reporting Issuers
Charles Burns	Phoenix Canada Oil Company Limited NexgenRx Inc.

## **Mandate of the Board**

The Board of the Corporation has assumed the responsibility for, among other things, enhancing shareholder value, reviewing and approving strategic plans and priorities, operating plans and capital budgets, senior management planning and succession, annual corporate performance and dividend policy. Some of these duties are delegated to committees as set out below. The Board has delegated the authority to manage the day-to-day operations of the Corporation to senior management. All significant decisions that might affect the Corporation are brought before the Board for review and approval before they are implemented.

## **Orientation and Continuing Education**

The Board has not had a formal continuing education program. However, the Board has implemented a policy for encouraging continuing education program for directors. Under such a policy, new directors, when added, would be provided with access to information, including sufficient historical data, to become familiar with the Corporation and its operating facilities and assets, and to familiarize themselves with the procedures of the Board. All directors would be given the opportunity to visit the Corporation's offices with management and to interact with and request briefings from management in order to familiarize themselves with the business. All directors would be encouraged to become members of the Institute of Corporate Directors. Members of the Board may also engage outside consultants at the expense of the Corporation to review matters on which they feel they require independent advice.

## **Ethical Business Conduct**

The Board considers effective communication between itself and the shareholders essential. The Board is responsible for reviewing the Corporation's annual and quarterly financial statements and other continuous disclosure documents such as management information circulars sent to shareholders for shareholder meetings. The Corporation is committed to full, true and plain public disclosure of all material information in a timely manner in order to keep security holders and the investing public informed about the Corporation's activities. The objective is to ensure that communications to the investing public are timely, factual, accurate and broadly disseminated in accordance with all applicable legal and regulatory requirements.

Management is expected by the Board to comply with all statutes, regulations, and administrative policies applicable to the Corporation, to supervise employees and consultants in such a manner as to be informed of their activities, to promote the free flow of information, and allow employees, consultants and others to anonymously report to any member of management or the board of directors on concerns involving accounting and other issues (protection of "whistleblowers"). Management is expected by the Board to report to the Board regarding any concerns with respect to the foregoing, which are of a material nature, whether or not a satisfactory resolution was already implemented by management, or which management believes are reasonably likely to arise in the future and which would be of a material nature.

Every director of the Corporation who is in any way directly or indirectly interested in a contract or a proposed contract with the Corporation must declare his or her interest at a meeting of the directors of the Corporation in accordance with applicable law and then withdraw from that part of the meeting at which the proposed contract is considered by the remaining directors. Such a declaration should be made at the meeting of directors at which the question of entering into the contract is first considered, if his or her interest then exists, or in any other case at the first meeting of the directors after the acquisition of his or her interest and no director shall as a director vote in respect of any contract or arrangement in which he or she is interested as aforesaid, and if he or she does so vote, his or her vote shall not be counted. Any materials prepared for a meeting of the Board and referencing the contract in question will be redacted for the director concerned and he or she will absent himself from all discussions at such meetings relating to the contract in question.

## **Nomination of Directors**

The full Board is responsible for recommending candidates for nomination for election to the Board. The Board periodically and at least annually is expected to consider the composition of the Board, including the appropriate skills and characteristics required of the directors in the context of the business experience and specific areas of expertise of each current director. The Board is also responsible for recruiting and recommending candidates for election as directors when necessary. Candidates should be interviewed by individual members of the Board prior to their nomination for election as a director.

## **Compensation of Officers and Directors**

The Board is responsible for reviewing and approving corporate goals and objectives relevant to executive compensation and evaluating performance relative to those goals and objectives. The Corporation has constituted a Compensation Committee - comprised of P. Garrett Clayton, Ronald Mann and Garfield Last - to consider such matters, to report to the Board and make recommendations regarding compensation. Performance is defined to include achievement of the Corporation's strategic objective of growth and enhancement of shareholder value through increases in stock price. It is the responsibility of the Board as a whole to determine the level of compensation in respect of the Corporation's senior executives with a view to providing such executives with a competitive compensation package having regard to responsibilities and performance. The total compensation from all sources, including salary, bonus, and stock options should be considered.

Other than as set forth above under the heading "*Director Compensation*", no compensation was paid to directors of the Corporation during the fiscal year ended December 31, 2018 in their capacities as directors and no standard or other compensation arrangements are in place for the directors in their capacities as directors. Except as disclosed in this Circular, there were no other arrangements for compensation of directors of the Corporation as consultants or experts by the Corporation or any of its subsidiaries during the most recently completed financial year.

Although there is currently no policy to pay fees to directors for acting as directors of the Corporation, they may participate in the Stock Option Plan. Accordingly, their compensation is designed to align their interests with the returns to shareholders (see above under "*Long Term Incentive Plan (LTIP) Awards – Equity Compensation Plan Information*"). In addition, certain directors receive fees for providing professional and other services.

## **Other Board Committees**

The Board is legally obligated to have one committee, the Audit Committee. The Audit Committee supervises the adequacy of internal accounting controls and financial reporting practices and procedures and the quality and integrity of audited and unaudited financial statements, including through discussions with external auditors. Further information regarding the Audit Committee may be found under the heading "*Audit Committee*" below

The Board also has a Compensation Committee – comprised of P. Garrett Clayton, Ronald Mann and Garfield Last – and a Corporate Governance Committee – comprised of Charles Burns, P. Garrett Clayton and Ronald Mann. All significant operating and executive compensation matters are presented directly to the Board for review, discussion and approval.

## **Assessments**

The full Board is responsible for evaluating the performance of directors by annually reviewing the performance of nominees for re-election to the Board, with the objectives of: ensuring comprehensive and independent oversight of the management of the Corporation, maintaining the directors' working relationship with management, and promoting open communication and disclosure by management of material information to the board of directors.



The Board is expected to monitor the effectiveness of the Audit Committee on an on-going basis and to require the Audit Committee to report to the Board on the proceedings of each Audit Committee meeting.

### **Majority Voting Policy**

The Board has adopted a policy which requires that any nominee who receives a greater number of votes “withheld” from his or her election than votes “for” such election, promptly tender his or her resignation to the Board, to be effective upon acceptance by the Board. The Board will review the circumstances of the election and determine whether or not to accept the tendered resignation as soon as reasonably possible and in any event within 90 days of the date of tender of such resignation. Subject to any restrictions imposed by the Act or securities laws and regulations, the Board may fill any resulting vacancy through the appointment of a new director. The director in question may not participate in any committee or Board votes concerning his or her resignation. This policy does not apply in circumstances involving contested director elections.

### **AUDIT COMMITTEE**

#### **Audit Committee Charter**

The text of the Audit Committee's charter is attached as Schedule “A” hereto. The Audit Committee's charter was adopted by the board of directors of the Corporation.

#### **Composition and Independence of Audit Committee**

The Audit Committee is currently composed of three (3) members, Matthew D. Hill, Gary Last and Charles Burns. Mr. Burns is the Chairman of the Audit Committee. Charles Burns and Gary Last are independent as defined in National Instrument 52-110 “*Audit Committees*” (“**NI 52-110**”). Matthew D. Hill is not independent because he is the President and Chief Executive Officer of the Corporation.

Following the Meeting, a new Audit Committee will be appointed by the newly-elected Board from among the Board members. Some or all of the current members may be re-appointed.

#### **Financial Literacy**

NI 52-110 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 issuer's financial statements.

All of the members of the Audit Committee are financially literate.

#### **Relevant Education and Experience**

Each Audit Committee member possesses certain education and experience which is relevant to the performance of his or her responsibilities as an Audit Committee member and, in particular, education or experience which provides the member with one or more of the following: an understanding of the accounting principles used by the Corporation to prepare its financial statements; the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more individuals engaged in such activities; and an understanding of internal controls and procedures for financial reporting.

**Matthew D. Hill** has served as a director of the Corporation since July 12, 2016, as President and CEO since November 1, 2016, and as a member of the Audit Committee since November 1, 2016. He has

been involved in the active supervision of individuals who engaged in the preparation, analysis and evaluation of the financial statements, and possesses an understanding of internal controls and procedures for financial reporting. He has also had experience as businessman, including experience in the preparation, analysis and evaluation of financial statements comparable to the breadth and complexity of the Corporation's financial statements.

**Gary Last** has served as an independent director of the Corporation since 2014, and as a member of the Audit Committee since March 23, 2017 working with other members of the Board responsible for the stewardship of the Corporation. He has had experience as a businessman, including experience in the preparation, analysis and evaluation of financial statements comparable to the breadth and complexity of the Corporation's financial statements.

**Charles Burns** has served as an independent director of the Corporation since 2004 working with other members of the Board responsible for the stewardship of the Corporation and has been Chair of the Audit Committee since 2014. He has had experience as a businessman, including experience in the preparation, analysis and evaluation of financial statements comparable to the breadth and complexity of the Corporation's financial statements.

### **Mandate**

The mandate of the Audit Committee is to oversee the Corporation's financial reporting processes and to liaise with the external auditors. In addition to reviewing the financial controls of the Corporation which are its ongoing responsibility, the Audit Committee reviews the annual financial statements, quarterly financial statements, management's discussion and analyses and any other significant financial issues. The Audit Committee is projected to meet at least four (4) times a year and otherwise as frequently and at such intervals as it determines is necessary to carry out its duties and responsibilities, including meeting separately with the external auditors.

### **Audit Fees**

The following table sets forth the fees billed to the Corporation and its subsidiaries by UHY McGovern Hurley LLP, Chartered Accountants, for services rendered in the fiscal years ended December 31, 2018 and 2017:

<b>UHY McGovern Hurley LLP</b>	<b>2018 (\$ US)</b>	<b>2017 (\$ US)</b>
Audit fees	76,685	46,000
Audit-related fees	Nil	Nil
Tax fees	11,000	Nil
All other fees	Nil	Nil
<b>Total</b>	<b>87,685</b>	<b>46,000</b>

### **Reliance on Exemption**

The Corporation is a venture issuer as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Part 3 "*Composition of Audit Committees*" and Part 5 "*Reporting Obligations*" of NI 52-110.

### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON AND INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Management is not aware of any material interest, direct or indirect, of any "informed person" of the Corporation, insider of the Corporation, proposed director, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the Corporation's most

recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation, except as set out below. An “informed person” means (i) a director or executive officer of the Corporation or of a subsidiary of the Corporation, (ii) any person or company who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation, (iii) a director or officer of a company that is itself an informed person of the Corporation or of a subsidiary of the Corporation, and (iv) any person who has been a director or officer of the Corporation at any time since the beginning the Corporation’s last fiscal year. Information relating to management companies has been supplied by the applicable officers and directors.

Certain corporate entities and consultants that are related to the Corporation’s officers and directors of persons holding more than 10% of the issued and outstanding common shares of the Corporation provide consulting and other services to the Corporation. All transactions were conducted in the normal course of operations at the amount of consideration established and agreed to by the related parties.

AmCap Mortgage Ltd., a customer related by common director to a Director and former Chief Executive Officer, accounted for US \$4,324,600 (2017 - US \$4,877,625) in revenue to the Company in 2018. As at December 31, 2018, US \$36,734 (2017 – US \$35,557) is included in accounts receivable on the consolidated statement of financial position.

The Corporation incurred an aggregate of \$330,560, in management fees in 2018 (2017 - \$330,560) for services provided by various officers of the Corporation.

In 2018, Starrex issued no stock options of the Company (valued at Nil) as part of the incentive package available to the insiders.

## **REGULATORY MATTERS, BANKRUPTCIES AND INSOLVENCIES**

To the knowledge of the Corporation, except as described herein, no nominee for director of the Corporation is, at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation), that:

- (1) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while that person was acting as director, chief executive officer or chief financial officer; or
- (2) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under the securities legislation for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and that resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
- (3) while that person was acting in the capacity as director, chief executive officer or chief financial officer 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.

Following discussions with staff of the Ontario Securities Commission (the “OSC”) respecting the treatment of the 2014 business acquisitions which affected its financial statements for the year ended December 31, 2014, Starrex applied to the OSC for a management cease trade order in accordance with the terms of National Policy 12-203. The OSC issued a temporary management cease-trade order on December 30, 2015 which was extended on January 11, 2016 prohibiting the Corporation’s then Chief

Executive Officer, P. Garrett Clayton, and Chief Financial Officer, Deborah Merritt, from all trading in, and all acquisitions of, securities of the Corporation until two full business days after receipt by the OSC of all filings the Corporation is required under the Ontario securities laws have been filed with the OSC (the “MCTO”), principally the 2014 and 2015 annual audited financial statements, along with the first three quarterly financial statements of 2015 and 2016, together with corresponding management’s discussions and analyses for those annual and quarterly periods.

Starrex completed all of its refiling obligations. The MCTO expired on January 20, 2017. The MCTO did not affect the ability of persons who are not insiders of Starrex to trade its securities.

## **PERSONAL BANKRUPTCIES, ETC**

To the knowledge of the Corporation, no nominee for director, nor any personal holding company of any such nominee, has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver manager or trustee appointed to hold the assets of the proposed director.

## **PENALTIES UNDER SECURITIES LEGISLATION**

To the knowledge of the Corporation, except as set out below, no nominee for director, nor any personal holding company of any such nominee, (a) has been subject to any penalties or sanctions imposed by a court relating to securities legislation, or by 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 securityholder in deciding whether to vote for a proposed director, nor has any nominee for director entered into a settlement agreement with a securities regulatory authority.

## **PART THREE**

### **PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING**

#### **FINANCIAL STATEMENTS**

The audited comparative financial statements of the Corporation for the years ended December 31, 2018 and December 31, 2017, together with the report of the auditors thereon, will be presented to the shareholders at the Meeting. These documents are available upon request on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **APPOINTMENT OF AUDITORS**

Shareholders will be requested to approve the re-appointment of UHY McGovern Hurley LLP, Chartered Professional Accountants, as auditors of the Corporation to hold office until the next annual meeting of shareholders and to authorize the directors to fix the auditors’ remuneration and terms of engagement. UHY McGovern Hurley LLP were first appointed auditors of the Corporation effective as of May 30, 2017.

**To be approved, the resolution requires the affirmative vote of a majority of the votes cast on the resolution. Proxies received in favour of management will be voted in favour of the appointment of UHY McGovern Hurley LLP as auditors of the Corporation to hold office until the next annual meeting of shareholders and the authorization of the directors to fix the auditors’ terms of engagement and remuneration, unless the shareholder has specified in a proxy that his, her or its shares are to be withheld from voting in respect thereof.**

#### **ELECTION OF DIRECTORS**

The Articles of the Corporation provide that the Corporation shall have a minimum three (3) and a maximum of seven (7) directors and provide that the directors have the discretion to fix the number of

directors from time to time within the minimum and maximum number of directors provided by the Articles. Currently, the number of directors is fixed by the Board at five (5). The current directors are Matthew D. Hill, P. Garrett Clayton, Charles Burns, Ronald Mann and Garfield Last. The terms of office of each director will expire on the date of the Meeting when the new Board is elected.

The following table sets forth certain information concerning management's nominees for election as directors, including the approximate number of common shares of the Corporation beneficially owned or controlled, directly or indirectly, by each of them, based upon information furnished by them to management of the Corporation. The nominees listed below will be nominated for election at the Meeting unless other individuals are nominated for election as directors by shareholders at the Meeting in accordance with the advance notice of nomination provisions of By-Law No. 3 of the Corporation or as otherwise permitted by the Board in accordance with By-Law No. 3. In the event that there are more nominees than positions on the Board, voting will be by ballot and the five (5) nominees with the most votes will be elected as directors.

Name, Province and Country of Residence	Office or Position held in the Corporation, current and former, if any	Chief Occupation	Number of Shares of the Corporation beneficially owned, directly or indirectly, or over which control and direction are exercised <sup>(3)</sup>
P. Garrett Clayton <sup>(2)</sup> <sup>(6)</sup> Houston, Texas, USA	President, Chief Executive Officer from December 9, 2013 to November 1, 2016. Director since December 9, 2013.	Chief Executive Officer and Principal of Amcap Mortgage Ltd. a mortgage bank and direct residential lender based in Houston. Principal and managing partner of Clayton & Ramirez, Attorneys and Counsellors at Law, PLCC	3,113,687 <sup>(4)</sup> common shares
Charles Burns <sup>(1)</sup> <sup>(6)</sup> Maple Ontario, Canada	Director since 2004	Businessman	733,500 common shares
Scott M. Reeves Calgary, Alberta	Nominee	Partner, TingleMerrett LLP (Calgary-based law firm)	Nil
Garfield J. Last <sup>(1)</sup> <sup>(2)</sup> Turks and Caicos Islands	Director since 2014	Businessman, President of Mind and Management Corporation, a corporation providing services to investment companies in Turks & Caicos Islands, British Virgin Islands and Bermuda	500,000 common shares
Matthew D. Hill <sup>(1)</sup> Tomball, Texas, USA	President and Chief Executive Officer since November 1, 2016, prior thereto from September 1, 2015, Senior Vice-President of the Corporation; Director since July 12, 2016	President and Chief Executive Officer of the Corporation	Nil

Notes:

- (1) Member of the Audit Committee
- (2) Member of the Compensation Committee.
- (3) As verified on the System of Electronic Disclosure by Insiders as of Sept 5, 2018.
- (4) Of this number, 2,469,036 common shares are held directly by Mr. Clayton, 769,767 are controlled (but not owned) by Mr. Clayton through Amcap Mortgage, Ltd. and 424,837 common shares are controlled (but not owned) by Mr. Clayton through American Capital Equity Fund, LLC.
- (5) The common shares are held directly or indirectly in tax sheltered accounts or by Sheep Island Investment Corp., a company over which Mr. Mann has control or direction.
- (6) Member of the Corporate Governance Committee

Directors will be elected by the affirmative vote of a majority of the votes cast on the resolution and will hold office until the next annual meeting of shareholders or until the directors' respective successors are duly elected or appointed. **The persons named in the accompanying form of proxy intend to vote the shares represented thereby FOR the election of the nominees named above as directors of the Corporation, unless the shareholder has specified in the proxy that the shares represented thereby are to be withheld from voting in respect thereof. Management has no reason to believe that any of the nominees named above will be unable or unwilling to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the accompanying form of proxy shall have the right to vote for another nominee in such proxyholder's discretion, unless the proxy withholds authority to vote for the election of directors.**

## **STOCK OPTION PLAN**

The Corporation presently has in place a “rolling” Stock Option Plan, first approved by the shareholders on April 17, 2014 and re-approved on June 16, 2015, July 12, 2016, August 10, 2017 and October 30, 2018 whereby the Corporation is authorized to grant stock options on up to a maximum of ten percent (10%) of the number of common shares issued and outstanding from time to time.

Further details regarding the Stock Option Plan are found under the heading “*Long Term Incentive Plans (LTIP) Awards – Equity Compensation Plan Information*”. A copy of the Stock Option Plan may be obtained from the registered office of the Corporation, 199 Bay Street, Suite 2200, Toronto, Ontario M5L 1G4 or under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Currently, stock options to purchase 325,000 common shares of the Corporation are outstanding and unexercised and a total of 1,230,252 stock options are available for future grants under the Stock Option Plan. All such options are subject to the terms of the Stock Option Plan.

While not a technical requirement of the Canadian Securities Exchange, the Board considers it to be good practice to seek shareholder approval of the Stock Option Plan on an annual basis. The shareholders will be asked to approve the following resolution:

**“BE IT RESOLVED THAT** the Stock Option Plan of the Corporation and all grants of options thereunder be and they are hereby confirmed, ratified and approved and that the board of directors be and is hereby authorized, without further shareholder approval, to grant stock options pursuant to the existing Stock Option Plan, as amended from time to time, on common shares of the Corporation up to an aggregate maximum of ten percent (10%) of that number of common shares of the Corporation issued and outstanding at the time of such grants.”

**To be approved, the resolution requires the affirmative vote of a majority of the votes cast on the resolution. Proxies received in favour of management will be voted in favour of the Stock Option Plan approval, unless the shareholder has specified in a proxy that his, her or its common shares are to be withheld from voting in respect thereof.**

## **OTHER BUSINESS**

While management of the Corporation is not aware of any business other than that mentioned in the Notice to be brought before the Meeting for action by the shareholders, **it is intended that the proxies hereby solicited will be exercised upon any other matter or proposal that may properly come before the Meeting, or any adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be obtained by accessing the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Securityholders may contact Matthew D. Hill, at 16350 Park Ten Place, Suite 103, Houston, Texas 77084 to request copies of the Corporation's financial statements and management's discussion and analysis, free of charge.

Financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for its most recently completed financial year.

### **BOARD APPROVAL**

The contents and the sending of this Circular have been approved by the Board of Directors of the Corporation.

DATED at Calgary, Ontario, as of the 1<sup>st</sup> day of October, 2019.

By Order of the Board of Directors

*"Matthew D. Hill"*

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**Chief Executive Officer**

**SCHEDULE “A”**  
**STARREX INTERNATIONAL LTD.**  
(the “Corporation”)

**CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

**1. PURPOSE**

The Audit Committee (the “Committee”) is a committee of the board of directors of the Corporation (the “Board”) established by the Board for the purpose of overseeing, among other things:

- (i) the accounting and financial reporting processes of the Corporation;
- (ii) the integrity of the financial statements of the Corporation;
- (iii) the Corporation’s internal control over financial reporting;
- (iv) the external audit process for audits of the financial statements of the Corporation;
- (v) compliance by the Corporation with legal and regulatory requirements with respect to its internal and external financial reporting processes; and
- (vi) the independence and performance of the Corporation’s internal, if any, and external auditors.

This Charter of the Audit Committee sets out the mandate and responsibilities of the Committee as delegated to it by the Board.

**2. COMPOSITION**

The Committee shall, subject to Parts 3 and 6 of National Instrument 52-110 *Audit Committees* (“NI 52-110”), consist of a minimum of three (3) directors of the Corporation of whom a majority shall not be officers or employees of the Corporation or its affiliates (as that term is defined in the *Canada Business Corporations Act*). Only directors of the Corporation may be members of the Committee.

All members of the Committee shall, to the satisfaction of the Board, be “financially literate” as such term is defined in section 1.6 of NI 52-110 or become financially literate as permitted by section 3.8 of NI 52-110.

Each member of the Committee shall be appointed by the Board to hold office (i) until the end of the next annual shareholders’ meeting following such appointment, (ii) until such member resigns or becomes disqualified or (iii) until such member’s successor is appointed.

The Committee members shall elect, from members of the Committee, a Chair and shall appoint a secretary who need not be a member of the Committee. If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to act as chair for that meeting and preside at that meeting.

**3. DUTIES AND RESPONSIBILITIES**

***I. Appointment and Oversight of the External Auditor***

The Committee shall:

- (i) recommend to the Board:
  - (1) the external auditor to be nominated for appointment by the Corporation’s shareholders for



the purpose of auditing the annual financial statements of the Corporation and preparing or issuing an auditor's report thereon or performing other audit, review or attestation services for the Corporation, and

- (2) the compensation of the external auditor;
- (ii) review and approve the audit plans prepared and presented by the external auditor;
  - (iii) meet with the external auditor prior to the audit to review the planning and staffing of the audit;
  - (iv) receive periodic reports from the external auditor regarding the auditor's independence, discuss such reports with the auditor, consider whether the provision of non-audit services is compatible with maintaining the auditor's independence and take appropriate action to satisfy itself of the independence of the external auditor;
  - (v) receive and review any written report of the external auditor on the external auditor's own internal quality control procedures and any material issues raised by the most recent internal quality control review or peer review, if any, of the external auditor, or by any inquiry or investigation by governmental or professional authorities within the preceding five years and any steps taken to deal with such issues;
  - (vi) directly oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting;
  - (vii) review and discuss reports from the external auditor on:
    - (1) all critical accounting policies and practices to be used;
    - (2) all alternative treatments of financial information within acceptable accounting principles that have been discussed with management, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditor; and
    - (3) other material written communications between the external auditor and management, such as any management letter or schedule of unadjusted differences;
  - (viii) review with management and the external auditor the effect of regulatory and accounting developments on the Corporation's financial statements;
  - (ix) review any letter, report or other communication from the external auditor in respect of any identified weakness or unadjusted differences and management's response and follow-up, inquire regularly of management and the external auditor of any significant issues between them and how such issues have been resolved, and intervene in the resolution process if required; and
  - (x) review and evaluate the performance of the external auditor, including the performance of the lead partner of the external auditor team.

**(b) Oversight in Respect of Financial Disclosure**

The Committee, to the extent that it considers necessary or advisable, shall:

- (i) review, discuss with management and the external auditor and report to the Board and provide the Board with the Committee's recommendation on the following before they are approved by the Board or publicly disclosed:

- (1) the annual financial statements and management’s discussion and analysis (“**MD&A**”) of the Corporation as defined in National Instrument 51-102 *Continuous Disclosure Obligations*, and
  - (2) the auditors’ report, if any, prepared in relation to those financial statements;
- (ii) review and approve, as delegates of the Board, the interim financial statements of the Corporation and the accompanying MD&A;
  - (iii) review the Corporation’s annual and interim earnings press releases, if any, before the Corporation publicly discloses such information;
  - (iv) review, discuss with management and the external auditor and recommend to the Board for approval, all financial information and prospectuses and other offering memoranda, management information circulars and all documents which may be incorporated by reference into such prospectuses, memoranda, circulars and other documents;
  - (v) review and discuss with management any financial outlook or future-oriented financial information disclosure in advance of its public release, provided that such discussion may, if considered advisable or sufficient to the Committee, consist of the types of information to be disclosed and the types of information to be released; and
  - (vi) review with management and the external auditor major issues regarding accounting policies and auditing practices, including any significant changes in the Corporation’s selection or application of accounting policies.

**(c) Oversight in Respect of Internal Controls and Procedures**

The Committee shall:

- (i) monitor, evaluate and report to the Board periodically on the integrity of the financial reporting process and the system of internal controls that management and the Board have established;
- (ii) satisfy itself that adequate procedures are in place for the review of the Corporation’s public disclosure of financial information extracted or derived from the Corporation’s financial statements and periodically assess the adequacy of those procedures;
- (iii) assess and report to the Board on the adequacy of the Corporation’s internal controls and any special audit steps adopted or changes recommended in light of material control deficiencies previously identified during the audit process or otherwise, where such deficiencies could significantly affect the Corporation’s financial statements;
- (iv) review periodically the Corporation’s procedures for:
  - (1) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, and
  - (2) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable ethical, legal, financial, accounting or auditing matters, including pursuant to the Corporation’s “Whistleblower Policy”, and
- (v) with respect to ensuring the integrity of disclosure controls and procedures over financial reporting, understand the process utilized by the Chief Executive Officer (“**CEO**”) and the Chief Financial Officer (“**CFO**”) to comply with National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings*, and, in connection therewith, review disclosures made to the

Committee by the CEO or CFO during their certification process for periodic reports filed with securities regulatory authorities regarding the presence or absence of any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud or defalcation involving management or other employees having a significant role in the Corporation's internal controls.

***(d) Oversight in Respect of Non-Audit Services***

The Committee shall:

- (i) pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditor, other than non-audit services where:
  - (1) the aggregate amount of all such non-audit services provided to the Corporation that were not pre-approved constitutes not more than five percent of the consolidated total fees paid by the Corporation and its subsidiaries to the external auditor during the fiscal year in which the non-audit services are provided;
  - (2) such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and
  - (3) such services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee; and
- (ii) ensure that approval by the Committee of a non-audit service to be performed by the external auditor shall be disclosed as required under applicable securities laws and regulations.

***(e) Oversight of Off-Balance Sheet, Legal, Regulatory, Risk and Compliance Matters***

The Committee shall:

- (i) review with management and the external auditor the effect of any off-balance sheet structures, if any, on the Corporation's financial statements;
- (ii) review with management, the external auditor and, if necessary, legal counsel, any litigation, claim or contingency, including arbitration and tax assessments, that could have a material effect on the financial position of the Corporation and the manner in which these matters have been disclosed in the financial statements;
- (iii) review with the Corporation's legal counsel any legal matters that may have a material impact on the financial statements, the Corporation's compliance policies and any material reports or inquiries received from regulators or governmental agencies;
- (iv) review compliance with the Corporation's policies and avoidance of conflicts of interest;
- (v) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation; and
- (vi) review and, as advisable, discuss with management the Corporation's material financial risk exposures and steps which management has taken to monitor and control such exposures, including the Corporation's risk assessment and risk management policies.

**(f) Oversight Function**

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate or are in accordance with acceptable accounting principles and auditing standards and applicable rules and regulations. Those duties are the responsibilities of management and the external auditor. The Committee, its Chair and any of its members who have accounting or related financial management experience or expertise, are members of the Board appointed to the Committee to provide broad oversight of the financial disclosure, financial risk and control related activities of the Corporation, and are specifically not accountable nor responsible for the day-to-day operation of such activities. Although, if applicable, any designation of a member of the Committee as an "audit committee financial expert" may be based on that individual's education and experience which that individual will bring to bear in carrying out his or her duties as a member of the Committee, designation as an "audit committee financial expert" does not impose on such person any duties, obligations or liabilities that are greater in any respect than the duties, obligations and liabilities imposed on such person as a member of the Committee and member of the Board in the absence of such designation. Rather, the role of any audit committee financial expert, like the role of all Committee members, is to oversee the process and not to certify or guarantee the internal or external audit of the Corporation's financial information or public disclosure.

**4. MEETINGS**

- (i) The Committee shall meet not less than four times per year. At least annually, the Committee shall meet:
  - (1) with management and
  - (2) with the external auditor.separately in executive sessions.
- (ii) The external auditor of the Corporation shall be given notice of every meeting of the Committee and may attend and be heard thereat and, if requested by any member of the Committee, shall attend any particular meeting or every meeting, as the case may be, of the Committee held during the term of office of the external auditor.
- (iii) The Chair of the Committee, the external auditor or any member of the Committee may call a meeting of the Committee at any time on not less than 24 hours' notice. Notice may be given by mail, text message, email, letter or any electronic means, provided that the external auditor or any member may in any manner waive notice. Attendance at a meeting constitutes waiver unless such attendance is for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.
- (iv) At the invitation of the Chair of the Committee, any one or more officers or employees of the Corporation or any of its subsidiaries may attend any meeting of the Committee and, at the direction of the Committee or its Chair, shall attend.
- (v) The Board shall be kept informed of the Committee's activities by receiving copies of minutes of each meeting of the Committee, such minutes to be provided at the next meeting of the Board following each Committee meeting or by a verbal report, as the Committee may deem appropriate or the Board may request (see also "*Reporting*").

**5. QUORUM**

The quorum for the transaction of business at any meeting of the Committee shall be a majority of the total number of members of the Committee, such majority to be present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to each other and hear each other

simultaneously.

## **6. AUTHORITY REGARDING OUTSIDE ADVISORS**

The Committee has the authority to engage independent counsel, outside experts and other advisors, at the Corporation's expense, as the Committee considers necessary or advisable to carry out its duties and the Committee shall set the compensation for such advisors employed by the Committee. Such compensation shall be paid by the Corporation.

The Committee has the authority to communicate directly with and to meet with the external auditor and the internal auditor, if any, without management or Board knowledge or involvement.

## **7. REPORTING**

The external auditor of the Corporation is required to report directly to the Committee.

The reporting obligations of the Committee to the Board include:

- (i) reporting to the Board on the proceedings of each Committee meeting and on the Committee's recommendations, such reports to be made at the next regularly scheduled Board meeting; and
- (ii) reviewing and reporting to the Board on the Committee's concurrence with the disclosure required by Form 52-110F2 in any management information circular, annual information form or annual MD&A prepared by the Corporation.

## **8. PROCEDURE**

The Committee shall have the authority to establish and from time to time to revise and to implement its own procedure including, without limitation, setting arrangements and schedules for meetings with management, the internal auditor (if any) and external auditor.

## **9. RELIANCE**

Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside the Corporation from which such Committee member receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations and (iii) representations made by management and the external auditor, as to any information, technology, internal audit and other non-audit services provided by the external auditor to the Corporation and its subsidiaries.