

## ADDED CAPITAL INC. (FORMERLY NORTHERN FINANCIAL CORPORATION)

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that an annual and special meeting (the "**Meeting**") of shareholders of Added Capital Inc. (formerly Northern Financial Corporation) (the "**Corporation**") will be held at 77 King Street West, Suite 3000 on the 26<sup>th</sup> day, September, 2014, at 4:00 p.m. Toronto time, for the following purposes:

1. to receive and to consider the consolidated financial statements of the Corporation for the year ended March 31, 2014, together with the auditors' report thereon and the annual report to the shareholders;
2. to set the number of directors at three and to elect directors of the Corporation;
3. to re-appoint auditors and to authorize the directors to fix their remuneration;
4. to consider, and if thought advisable, to pass an ordinary resolution with or without variation, as more particularly set forth in the Management Information Circular, to re-approve the Employee Share Purchase Plan;
5. to consider, and if thought advisable, to pass an ordinary resolution approving the Corporation's Stock Option Plan as set forth in the Management Information Circular;
6. to transact such further and other business as may properly come before the Meeting or any adjournment thereof.

The accompanying management information circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this notice.

This year, as described in the notice and access notification mailed to shareholders of the Corporation, the Corporation has decided to deliver the Meeting materials to shareholders by posting the Meeting materials on the following website: <http://noticeinsite.equityfinancialtrust.com/AddedCapitalASM2014/> (the "Website") The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and it will also reduce the Corporation's printing and mailing costs. The Meeting materials will be available on the Website as of August 26, 2014, and will remain on the Website for one full year thereafter. The Meeting materials will also be available on SEDAR at [www.sedar.com](http://www.sedar.com).

No shareholders will receive paper copies of the Meeting materials unless they specifically request paper copies. Instead all shareholders will receive a notice and access notification which will contain information on how to obtain electronic and paper copies of the Meeting materials in advance of the Meeting. If you wish to receive a paper copy of the Meeting materials or have questions about notice-and-access please call 1-866-393-4891. In order to receive a paper copy in time to vote before the meeting, your request should be received by September 17, 2014.

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting is August 15, 2014 (the "**Record Date**"). Shareholders whose names have been entered in the register of shareholders at the close of business on that date will be entitled to receive notice of and to vote at the Meeting.

A shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment or postponement thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment or postponement thereof. To be effective, the enclosed proxy must be mailed so as to reach or be deposited at the office of the Registrar and

Transfer Agent of the Corporation, TMX Equity Transfer Services at 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, Attention: Proxy Department, or be faxed to (416) 595-9593, not later than forty-eight (48) hours (Toronto time), excluding Saturdays, Sundays and holidays prior to the time of the Meeting or any adjournment thereof. Late instruments of proxy may be accepted or rejected by the Chairman of the Meeting in his discretion and the Chairman is under no obligation to accept or reject any particular late instruments of proxy.

By Order of the Board

Toronto, Ontario  
August 15, 2014

(signed) Vic Alboini  
Chairman and Chief Executive Officer

## ADDED CAPITAL INC. (FORMERLY NORTHERN FINANCIAL CORPORATION)

### Management Information Circular

This circular (the "Information Circular") is furnished in connection with the solicitation by the management of Added Capital Inc. (formerly Northern Financial Corporation) (the "Corporation") of the proxies to be used at the annual and special meeting of shareholders of the Corporation (the "Meeting") referred to in the accompanying notice of meeting (the "Notice of Meeting") to be held at the time and place and for the purposes set forth in the Notice of Meeting. The solicitation will be made primarily by mail, but proxies may be solicited personally or by telephone by officers, directors or employees of the Corporation at nominal cost. The cost of solicitation will be borne by the Corporation. The information contained herein is given as of August 15, 2014, except as otherwise noted. No director or officer of the Corporation intends to oppose any action taken by management at the Meeting.

*In accordance with National Instrument 54-101 Communications with Beneficial Owners of Securities of a Reporting Issuer, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the common shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation. The record date to determine the registered shareholders entitled to receive notice of and vote at the Meeting is August 15, 2014.*

### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors or officers of the Corporation. Each shareholder has the right to appoint a person other than the persons named in the enclosed form of proxy, who need not be a shareholder of the Corporation, to represent the shareholder at the Meeting. This right may be exercised by inserting that person's name in the blank space provided in the form of proxy or by completing another proper form of proxy. All instruments of proxy must be deposited with TMX Equity Transfer Services at 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1 or by fax at (416) 595-9593 not later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the Meeting or any adjournment thereof. The Chairman of the Meeting may refuse to recognize any instrument of proxy received after such time.

A shareholder who has given a form of proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such form of proxy and, in addition to revocation in any other manner permitted by law, may do so by depositing an instrument in writing revoking the form of proxy executed by such shareholder or such shareholder's attorney authorized in writing at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which the form of proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof.

### EXERCISE OF DISCRETION BY PROXIES

Shares represented by properly executed forms of proxy in favour of the persons named in the enclosed form of proxy will be voted on any ballot that may be called for, and where the person whose proxy is solicited specifies a choice with respect to the matters identified in the form of proxy, the shares will be voted for or against the matters set out in the form of proxy in accordance with the specification so made. **Where shareholders have not specified in the form of proxy the manner in which the named proxy holders are required to vote the shares represented thereby, such shares will be voted for the approval of the matters identified in the proxy.**

**The enclosed form of proxy confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting and with respect to the other matters that may properly come before the Meeting.** As at the date hereof, management of the Corporation knows of no such amendments, variations, or other matters to come before the Meeting.

## ADVICE TO BENEFICIAL HOLDERS

**The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold common shares in the capital of the Corporation ("Common Shares") in their own name. Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to herein as "Beneficial Shareholders") should note that only proxies deposited by shareholders who appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, not be registered in the Shareholder's name. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The CDS Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted or withheld at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered Shareholders by the Corporation. However, its purpose is limited to instructing the registered Shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("Broadridge") in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of their broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.

If you are a non-registered owner, and the issuer or its 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 on your behalf. By choosing to send these materials to you directly, the issuer (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

All references to Shareholders in this Circular and the accompanying instrument of proxy and Notice of Meeting are to registered Shareholders unless specifically stated otherwise.

## **NOTICE AND ACCESS**

This year, as described in the notice and access notification mailed to shareholders of the Corporation, the Corporation has decided to deliver the Meeting materials to shareholders by posting the Meeting materials on the following website: <http://noticeinsite.equityfinancialtrust.com/AddedCapitalASM2014/> (the "Website"). The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and it will also reduce the Corporation's printing and mailing costs. The Meeting materials will be available on the Website as of August 26, 2014, and will remain on the Website for one full year thereafter. The Meeting materials will also be available on SEDAR at [www.sedar.com](http://www.sedar.com).

**No shareholders will receive paper copies of the Meeting materials unless they specifically request paper copies. Instead all shareholders will receive a notice and access notification which will contain information on how to obtain electronic and paper copies of the Meeting materials in advance of the Meeting. If you wish to receive a paper copy of the Meeting materials or have questions about notice-and-access please call 1-866-393-4891. In order to receive a paper copy in time to vote before the meeting, your request should be received by September 17, 2014.**

**The Corporation will not send its proxy-related materials directly to non-objecting beneficial owners under National Instrument 54-101. The Corporation does not intend to pay for proximate intermediaries to forward the proxy-related materials and the voting instruction form to objecting beneficial owners under National Instrument 54-101.**

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

Other than as set forth herein, the Corporation is not aware of any persons who have a material interest in any of the specific matters to be acted upon at the Meeting.

## **VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SHARES**

4,432,077 Common Shares are entitled to be voted at the Meeting, which number represents all of the issued and outstanding Common Shares of the Corporation as of August 15, 2014. Each Common Share carries the right to one vote per Common Share so that there are a maximum of 4,432,077 votes attached to this class of shares. Holders of Common Shares registered on the books of the Corporation at the close of business on August 15, 2014, (the "**Record Date**") are entitled to vote their shares at the Meeting or at any adjournment thereof.

To the knowledge of the directors and executive officers of the Corporation, there are no persons or companies who beneficially own, directly or indirectly, or exercise control or direction over, voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation other than Vic Alboini who owns or has control or direction over 1,263,839 Common Shares which represents approximately 28.5% of the total issued Common Shares. The officers and directors of the Corporation together beneficially own, directly or indirectly, or exercise control or direction over, approximately 31.3% of the issued and outstanding Common Shares of the Corporation.

## **PART I**

### **PARTICULARS OF MATTERS TO BE ACTED UPON**

#### **1. FINANCIAL STATEMENTS**

The Shareholders will receive and consider the audited consolidated financial statements of the Corporation for the fiscal year ended March 31, 2014 together with the auditor's report thereon.

#### **2. NUMBER OF DIRECTORS**

According to the Articles of the Company, the Company may have between three and ten directors.

Management intends to place before the Meeting, for approval, with or without modification, a resolution fixing

the Board at three (3) members.

**In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed form of proxy intend to vote FOR the resolution fixing the number of directors of the Company within the minimum and maximum numbers of directors provided for in the Articles of the Company at three (3).**

### 3. ELECTION OF DIRECTORS

The persons named in the enclosed form of proxy intend to cast the votes to which the shares represented by such proxy are entitled in favour of setting the number of directors at three and in favour of all the proposed nominees whose names are set forth below, unless the shareholder who has given the proxy has directed that the shares be otherwise voted or withheld from voting in respect of the election of the directors. Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for other nominees at their discretion. Each director elected will hold office until the next annual meeting of shareholders or until his successor is duly elected or appointed.

The following table sets out the names of management's nominees for election as directors of the Corporation, each nominee's municipality of residence, all major offices and positions with the Corporation and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment for the five preceding years for new director nominees, the period of time during which each has been a director of the Corporation and the number of Common Shares beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the date of this Information Circular. The following information relating to the nominees as directors is based on information received by the Corporation from said nominees.

Name and Municipality of Residence	Principal Occupation(s) for Last Five Years <sup>(1)</sup>	Position with the Corporation	Director Since	Number of Common Shares Beneficially Owned or Controlled <sup>(2)</sup>
Vic Alboini <sup>(3)</sup> <i>Toronto, Ontario, Canada</i>	Chairman, President and Chief Executive Officer of the Corporation and Jaguar Financial Corporation	President, CEO, and Director	October 24, 1997	1,263,839 <sup>(5)</sup>
Peter Reimer <sup>(3)(4)</sup> <i>Vancouver, British Columbia, Canada</i>	Consultant	Director	October 9, 2013	100,000
Donald Rogers <sup>(3)(4)</sup> <i>Toronto, Ontario, Canada</i>	Consultant providing refinancing advice and assistance negotiating financing/business restructurings and asset disposals. Previously was Senior Director Portfolio Management at CIBC.	Director	September 27, 2013	25,000

Notes:

- (1) The information as to principal occupation, business or employment of the respective nominees is not within the knowledge of the management of the Corporation and has been furnished by the respective nominees. Unless otherwise indicated, each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years.
- (2) The information as to Common Shares beneficially owned or controlled is not within the knowledge of the management of the Corporation and has been furnished by the respective nominees. Information regarding voting securities held does not include voting securities issuable upon the exercise of options, warrants or other convertible securities of the Corporation. Information furnished by the respective director nominees.
- (3) Current member of the Audit Committee.
- (4) Current member of the Compensation Committee
- (5) Includes 10,783 Common Shares owned by Mr. Alboini's spouse, Lesley Alboini.

#### *Penalties and Sanctions*

As of the date hereof, other than as set out below, no director to be nominated for election at the Meeting:

- (a) is at the date of this Information Circular, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:
  - (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

- (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,
- (b) is at the date of this Information Circular, or has been, within 10 years before the date hereof, a director or executive officer of any company (including the Corporation) that, while such nominee was acting in that capacity, or within a year of such nominee ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such nominee.

For the purposes of the above section, the term "order" means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

In addition, as of the date hereof, no director to be nominated for election at the Meeting has been subject to:

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

Vic Alboini was formerly a director of Blue Note Mining Inc. ("**Blue Note**") until his resignation from the Blue Note Board of Directors on February 19, 2009. On June 12, 2009, after Mr. Alboini ceased to hold any position with Blue Note, Blue Note announced that it had obtained an initial order from the Quebec Superior Court providing for creditor protection under the *Companies' Creditors Arrangement Act*.

In November 2012 an IIROC (Investment Industry Regulatory Organization of Canada) Hearing Panel fined Mr. Alboini \$625,000, ordered Mr. Alboini to pay costs of \$125,000 and required that he disgorge certain commissions earned by him for certain trades completed through Northern Securities Inc. in the period from August 2008 to November 2008. In addition, the Hearing Panel suspended Mr. Alboini from all registration capacities at IIROC for a period of two years and required that Mr. Alboini no longer be an Ultimate Designated Person registrant at an IIROC dealer member.

The Hearing Panel decision was appealed to the Ontario Securities Commission ("OSC"). All of the sanctions imposed by the IIROC Hearing Panel on Mr. Alboini have been stayed pending the decision of the OSC. On December 19, 2013, the OSC decided that "the IIROC Panel should have provided reasons on the merits prior to the sanctions and costs hearing in order to permit the Applicants to effectively make submissions." The OSC decided that "the conduct of the sanctions and costs hearing was procedurally unfair to the Applicants," constituted an error in law and the OSC "set aside the IIROC Panel's sanctions and costs imposed on the Applicants." The OSC decided that it will hold "a hearing de novo solely on the question of the appropriate sanctions and costs to be imposed on the Applicants." The OSC sanctions hearing was held in June, 2014 and the decision is pending.

#### *Conflicts of Interest*

The directors are required by law to act honestly and in good faith with a view to the best interests of the Corporation and to disclose any interests that they may have in any project or opportunity of the Corporation. If a

conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter.

To the best of the Corporation's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among the Corporation, its promoters, directors and officers or other members of management of the Corporation or of any proposed promoter, director, officer or other member of management as a result of their outside business interests, except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Corporation and their duties as a director or officer of such other companies.

**IT IS THE INTENTION OF THE MANAGEMENT DESIGNEES, IF NAMED AS PROXY, TO VOTE IN FAVOUR OF SETTING THE BOARD AT THREE AND FOR THE ELECTION OF SAID PERSONS TO THE BOARD UNLESS OTHERWISE DIRECTED.**

#### **4. APPOINTMENT OF AUDITORS**

Management recommends the re-appointment of McGovern, Hurley, Cunningham, LLP, of Toronto, Ontario, the present auditor, as the auditor of the Corporation to hold office until the close of the next annual meeting of the shareholders.

The Directors first appointed McGovern, Hurley, Cunningham LLP to be auditor of the Corporation on April 5, 2013. Prior to the appointment of McGovern, Hurley, Cunningham, LLP, Grant Thornton LLP served as auditor from April 8, 2011 to February 14, 2013 and Deloitte & Touche LLP served as the Corporation's auditor from March 9, 2007 until April 7, 2011.

Aggregate fees paid to McGovern, Hurley, Cunningham, LLP during the fiscal years ended March 31, 2014 and March 31, 2013 are set out below.

**IT IS THE INTENTION OF THE MANAGEMENT DESIGNEES, IF NAMED AS PROXY, TO VOTE IN FAVOUR OF THE APPOINTMENT OF MCGOVERN, HURLEY, CUNNINGHAM, LLP AS AUDITORS OF THE CORPORATION FOR THE ENSUING YEAR UNLESS OTHERWISE DIRECTED.**

#### **5. APPROVAL OF EMPLOYEE SHARE PURCHASE PLAN**

The Corporation has an Employee Share Purchase Plan (the "ESPP") designed to (i) support employee investment in the Corporation; (ii) attract new employees; and (iii) retain and compensate existing employees.

The ESPP allows employees of the Corporation to participate in the ESPP once they have completed six (6) months of employment at the Corporation (the "**Qualifying Employees**").

On August 1 in each year, Qualifying Employees are entitled to purchase Common Shares from treasury for an aggregate subscription price of up to eight percent (8%) of their compensation received from the Corporation in the six (6) month period ending June 30 of that year, subject to a maximum subscription of \$4,000. Similarly, on February 1 in each year, Qualifying Employees are entitled to purchase Common Shares from treasury for an aggregate subscription price of up to eight percent (8%) of their compensation received from the Corporation in the six (6) month period ending December 31 of the preceding year, subject to a maximum subscription of \$4,000. Accordingly, the maximum amount that can be invested by a Qualifying Employee under the ESPP in any calendar year is \$8,000. The subscription price of the Common Shares under the ESPP is the volume weighted average price for the twenty (20) trading day period ending on June 30 or December 31, as applicable.

On each of August 1 and February 1, the Corporation will issue to each participating Qualifying Employee the same number of Common Shares (the "**Matching Shares**") as were subscribed for by the Qualifying Employee at no cost to the Qualifying Employees. The Matching Shares will be issued to Qualifying Employees in equal annual instalments over a three (3) year period following the date of the subscription of the Common Shares by the Qualifying Employee, as long as the Qualifying Employee is an employee of the Corporation at that time (subject to certain exceptions).

The ESPP includes the following restrictions applicable to insiders:



- (a) the number of securities issuable to insiders, at any time, under all security based compensation arrangements, cannot exceed 10% of the Corporation's issued and outstanding securities; and
- (b) the number of securities issued to insiders, within any one-year period, under all security based compensation arrangements, cannot exceed 10% of the Corporation's issued and outstanding securities.

Under the ESPP, the Corporation may issue Common Shares to participating employees who meet certain conditions as set out in the ESPP. On September 25, 2008, shareholders approved an amendment to the ESPP to give the Corporation the ability to, in its discretion, provide shares to eligible participating employees under the ESPP through open market purchases as well as through issuances from treasury.

On September 16, 2010, shareholders approved amendments to the ESPP to, without further requirement to seek shareholder approval, provide the Board with the authority to waive or increase the maximum participation limit applicable to participants, from time to time, subject to the condition that the aggregate maximum participation under the ESPP is not exceeded and subject to compliance with the restrictions on insider participation set out in the ESPP. Shareholders also approved amendments to the ESPP to, without further requirement to seek shareholder approval, provide the Board with the authority to set participation dates and vesting periods for the issuance of matching shares under the ESPP provided that, under no circumstances shall the Board be entitled to lengthen the vesting periods for the issuance of Matching Shares in respect of ESPP participation that occurred prior to the date hereof, and the purchase price of the Common Shares under the ESPP is the volume weighted average price for the 20 trading day period ending 30 days prior to the participation date. Shareholders also approved an amendment to more clearly set out that the maximum number of Common Shares that can be issued under the ESPP in a given fiscal year cannot exceed 10% of the Corporation's issued and outstanding shares calculated at the last day of the prior fiscal year.

As at March 31, 2014, 249,094 Common Shares were reserved for issuance under the ESPP, representing less than 6% of the then total issued and outstanding Common Shares.

Shareholders are being asked to approve the ESPP. **Insiders are entitled to vote their Common Shares in respect of the approval of the ESPP.**

The ESPP and the shares authorized for issuance thereunder have been approved by resolutions of the Board and the ESPP is believed by the Board to be in the best interest of the Corporation. **The ESPP must be approved by ordinary resolution of the Corporation's shareholders in order to remain effective. To pass, an ordinary resolution requires the affirmative vote of not less than a simple majority of the votes cast by the Corporation's shareholders present at the Meeting in person or by proxy.** The complete text of the proposed ordinary resolution which management intends to place before the Meeting, for approval, confirmation and adoption, with or without modification, including the full text of the ESPP, is set out at **Schedule A** hereto (the "ESPP Resolution").

**IT IS THE INTENTION OF THE MANAGEMENT DESIGNEES, IF NAMED AS PROXY, TO VOTE IN FAVOUR OF THE APPROVAL OF THE ESPP RESOLUTION UNLESS OTHERWISE DIRECTED.**

## **6. APPROVAL OF STOCK OPTION PLAN**

Shareholders will be asked to consider and, if thought appropriate, to pass an ordinary resolution, with or without variation, approving the current Stock Option Plan (the "Option Plan"). The Plan's maximum number of common shares which are reserved for issuance are expressed as a percentage of the issued and outstanding common shares, rather than as a fixed number, and the Option Plan's aggregate reservation is restricted to 10%. As at the date hereof, 10% of the issued and outstanding common shares is 443,207 common shares.

The full text of the option plan is set out in Schedule B hereto.

At the Meeting, the shareholders will be asked to consider, and if thought advisable, to pass an ordinary resolution, approving the Option Plan.

The complete text of the proposed ordinary resolution which management intends to place before the Meeting, for approval, confirmation and adoption, with or without modification, including the full text of the Option Plan, is set out at Schedule B hereto (the "Option Plan Resolution").

**IT IS THE INTENTION OF THE MANAGEMENT DESIGNEES, IF NAMED AS PROXY, TO VOTE IN FAVOUR OF THE APPROVAL OF THE OPTION PLAN RESOLUTION UNLESS OTHERWISE DIRECTED.**

## **7. Other Matters**

Management of the Corporation knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting accompanying the Information Circular. However, if any other matter properly comes before the Meeting, the instruments of proxy furnished by the Corporation will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy.

## **PART II**

### **INFORMATION CONCERNING THE CORPORATION**

The Corporation is required, under applicable securities laws, to disclose to shareholders details of compensation paid to its directors and officers. The following fairly reflects all material information regarding compensation paid to the Corporation's directors and executive officers.

Compensation of the Corporation's executive officers and senior management consists of these elements: (1) base salaries; (2) commissions and (3) bonuses. If the Option Plan Resolution is approved at the meeting it is intended that stock options will also form part of the Corporation's compensation program. The Corporation's executive compensation policies are designed to support an appropriate relationship between executive pay and the creation of shareholder value. Essentially, the objectives of the policies are as follows:

- to provide compensation comparable to similar investment banking firms, thereby enabling the Corporation to attract and retain talented executives critical to the Corporation's long-term success;
- to align the interests of executives with the long-term interests of shareholders by providing executives with equity incentives, the value of which depends over time on the market value of the Corporation's Common Shares;
- to award cash bonuses to senior employees based on meritorious performance; and
- to motivate and retain key officers to achieve strategic business initiatives and reward them for their achievement.

The directors believe that the Corporation's executive compensation facilitates the long-term success and growth of the Corporation through the attraction, motivation and retention of outstanding executives.

The Board has appointed a compensation committee (the "**Compensation Committee**") comprised entirely of independent directors. The members of the Compensation Committee were William Grant and Don Rogers until the resignation of William Grant and appointment of Peter Reimer on October 9, 2013. The Compensation Committee is currently comprised of Mr. Don Rogers and Mr. Peter Reimer. The members of the Compensation Committee have significant business management experience, which provides them with an understanding of the factors that are required in evaluating compensation.

Mr. Reimer spent 34 years in the investment business in Vancouver, where he served with several firms as an investment advisor, manager, director and officer. Since retiring from the investment business, Mr. Reimer has been active as a private investor and a participant in venture capital.

Mr. Rogers has had substantial experience in carrying out business restructurings. Mr. Rogers was Senior Director of Portfolio Management at the Canadian Imperial Bank of Commerce from May 2010 to March 2012. Prior thereto from July 2001 to May 2010, he was Senior Vice-President of CIT Canada responsible for the Asset Backed Lending Business.

Overall the skills and experience of the members of the Compensation Committee include (i) direct financial or management experience in public and private issuers, and ii) specific experience in setting compensation levels for senior executives in their capacities as senior officers and directors of various public and private companies.

Each year the Compensation Committee and the Board review the base salaries of all executive officers to determine whether adjustments are appropriate to bring their salaries to a competitive level and to reflect their responsibilities as executives of a public corporation. In conducting this review, the Board considers comparative data for executives having similar responsibilities in competitive organizations, taking into account size, location and appropriate differentiating factors. Given the limited number of public entities having businesses similar to the Corporation's business, the foregoing comparisons were made to junior public issuers generally and to institutional knowledge of investment dealer compensation practices generally. No specific firms are used on an ongoing basis for the purpose of these comparisons.

The retail business of Northern Securities Inc. ("**NSI**") was transferred to other brokerage firms on December 31, 2012 pursuant to an order issued by an IIROC Hearing Panel dated December 14, 2012 ("**Order**"). The Corporation has a capital markets business primarily focused on a financial advisory, mergers and acquisition advisory and restructuring advisory business, as well as a merchant banking business. Revenue from the capital markets business is allocated to employees based on performance.

The Compensation Committee is also focused on aligning the interests of employees with the interests of shareholders. In this regard the Compensation Committee adopted an Employee Share Purchase Plan (the "**ESPP**") where employees who have been at NSI or the Corporation for at least six months could invest a total of 8% of their annual compensation in common shares of the Corporation which would be matched by the Corporation over a three year vesting period. In addition to the ESPP, the Compensation Committee established an Equity Incentive Plan ("**EIP**") to issue common shares of the Corporation to retain and attract employees. Shares issued under the EIP would vest over specific periods. The EIP was discontinued when the Corporation's shares were listed on the TSX Venture Exchange.

#### *Compensation Risks*

The Compensation Committee of the Corporation and the Board of Directors have considered the implications of the risks associated with the compensation policies and practices of the Corporation and NSI and believe that such policies and practices are unlikely to expose the Corporation to inappropriate or excessive risks. This analysis was based on a review of the forms of compensation paid to the officers and the calculation thereof as well as the policies in place that mitigate these risks. Specifically, the Compensation Committee noted that the team-oriented pool based sharing of compensation among members of the capital markets group helped ensure that no one officer or employee would take excessive risks in respect of any particular transaction or trade due to the fact that such individual would only be entitled to a portion of the compensation resulting therefrom.

The Corporation has no policy that precludes an officer or director from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held directly or indirectly, by the officer or director.

#### *Bonus Compensation*

The amount of bonus compensation awarded to employees is determined on an exceptional basis for outstanding performance.

#### *Chief Executive Officer's Compensation*

Vic Alboini has served as Chief Executive Officer of the Corporation since August 2000. Pursuant to his employment contract, Mr. Alboini is entitled to a base salary of \$300,000. Mr. Alboini is entitled to variable compensation for the overall performance of the Corporation as well as a variable commission based on his participation in fees and commissions. Effective January 1, 2013, Mr. Alboini was paid an annual salary of \$60,000 by the Corporation. Effective October 1, 2013 Mr. Alboini voluntarily reduced his salary to Nil.

### Summary Compensation Table

The following table sets forth, to the extent required by applicable securities laws, information with respect to executive compensation paid by the Corporation to the Named Executive Officers indicated for the financial years ended March 31, 2014, 2013 and 2012. "Named Executive Officers" means the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), regardless of the amount of compensation of those individuals, the Corporation's three most highly compensated executive officers or individuals acting in similar capacities, other than the CEO and CFO, who were serving as such on March 31, 2014, and whose total compensation exceeded \$150,000, and any individual who would have been a Named Executive Officer but was not serving as an executive officer, or acting in a similar capacity, on March 31, 2014.

Name and Principal Position	Year Ended Mar. 31	Salary (\$) <sup>(2)</sup>	Share-Based Awards (\$) <sup>(4)</sup>	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$) <sup>(3)</sup>	Total Compensation (\$)
					Non-Equity Incentive Plans	Long-Term Incentive Plans			
Vic Alboini CEO/CFO	2014	32,500	3,024	Nil	2,125	Nil	Nil	24,000	61,649
	2013	70,000	24,346	Nil	5,000	Nil	Nil	134,295	233,641
	2012	58,500	25,152	Nil	155,000	Nil	Nil	406,298	644,950
Andrew Hilton <sup>(1)</sup> CFO	2014	5,000	Nil	Nil	Nil	Nil	Nil	Nil	5,000

1. Mr. Hilton was appointed on December 30, 2013.
2. Compensation amounts payable to Mr. Alboini include amounts payable to Stature Inc., a corporation wholly-owned by Mr. Alboini, and also include payments made on behalf of NSI. On October 1, 2013, Mr. Alboini's annual base salary was adjusted to Nil.
3. Includes amounts attributed to Mr. Alboini's entitlement to variable commissions based on his participation in fees and commissions, and includes amounts received on account of automobile reimbursement expenses.
4. Amounts shown under Share-Based Awards include the Corporation's contributions under the ESPP.

### Outstanding Share-Based Awards and Option-Based Awards

Effective August 28, 2003, the Corporation ceased to grant new stock options under the Plan. Options that were granted prior to August 28, 2003 have now all expired without being exercised.

### Termination of Employment, Change in Responsibilities and Employment Contracts

#### Vic Alboini

Vic Alboini is employed as the Chairman, President and Chief Executive Officer of the Corporation. While Mr. Alboini is Chairman, President and Chief Executive Officer of NSI, NSI has been suspended as a brokerage firm pursuant to the Order and has not carried on an active business since January 1, 2013.

Pursuant to Mr. Alboini's employment contract, he is entitled to an annual base salary of \$300,000. In addition, Mr. Alboini is entitled to variable compensation for the overall performance of the Corporation as well as a variable commission based on his participation in fees and commissions. Effective January 1, 2013 Mr. Alboini's annual base salary was adjusted to \$60,000. Effective October 1, 2013 Mr. Alboini voluntarily reduced his salary to Nil.

In the event of termination by the Corporation or NSI without cause, Mr. Alboini is entitled to receive as a severance payment payable on the date of termination an amount equal to two times his average annual compensation from the Corporation and NSI over the previous two years, including any bonuses or commissions. If Mr. Alboini is terminated without cause at any time following a change of control, he is entitled to receive as a severance payment payable on the date of termination an amount equal to three times his average annual compensation from the Corporation and NSI over the previous three years, including any bonuses or commissions. For the purposes of his employment contract, a change of control is defined as being the acquisition by a third party or third parties acting in concert of at least 40% of the issued and outstanding Common Shares or, otherwise, of a sufficient number of Common Shares to enable the third party or third parties to cause the election of the majority of the Board. For the purpose of termination payments, compensation includes the car allowance payable by the Corporation. There are no other prerequisites included in the determination of compensation. The Corporation maintains a health care benefit plan which typically is extended for a period not exceeding three months following termination of employment.

As provided in Mr. Alboini's employment contract, cause means (i) fraud, (ii) breach of the non-competition covenants, (iii) committing an act of willful misconduct which materially adversely affects the interest of the Corporation which Mr. Alboini fails to remedy within 30 days of receiving written notice by the Board, or (iv) a material breach of the employment contract which Mr. Alboini fails to remedy or commence to remedy within 30 days of receiving written notice by the Board.

Mr. Alboini's non-competition covenant in his employment contract applies for a period of 12 months from the date of termination of his employment, however caused. The non-competition covenant prohibits Mr. Alboini from being engaged in any business which is the same as, or competitive with, the business of the Corporation being certain former businesses of the Corporation including the sale of gemstones over the Internet, an Internet e-commerce business involving online securities trading, an e-commerce business providing for online mergers and acquisitions, and online offerings of securities within Canada. However, the non-competition covenant does not apply to any traditional securities business with no substantial online business in which Mr. Alboini may be involved in any capacity that is not conducted online.

Under the terms of the ESPP, all matching shares that Mr. Alboini is entitled to under the terms of the ESPP would be forfeited on the termination of his employment for any reason whatsoever, including voluntary resignation, termination by the Corporation with or without cause. Despite the foregoing, upon the death of any participant in the ESPP, matching shares that would have been issued to such employee as a result of the purchase of common shares of the Corporation under the ESPP as at the date of death will continue to be issued by the Corporation to the estate of the participant over the three year matching period.

Mr. Alboini is not entitled to any shares under the EIP. No new awards may be made under the EIP as a result of the listing of the Corporation's shares on the TSX Venture Exchange.

If Mr. Alboini's termination had been terminated on March 31, 2014, the final day of the Corporation's preceding year end he would have been entitled to payments of approximately \$295,290.

### ***Compensation of Directors***

The Corporation's Board currently consists of three directors. Directors are reimbursed for out-of-pocket expenses incurred in attending Board and committee meetings. Directors are entitled to receive compensation from the Corporation to the extent that they provide services to the Corporation. Any such compensation is based on rates that would be charged by such directors for similar services to arm's length parties. A director who is also an employee of the Corporation receives no additional consideration for serving as a director. The Corporation paid an aggregate of \$5,000 to the Directors in respect of the fiscal year ended March 31, 2014.

The annual fee for acting as a director is \$10,000 plus \$2,500 for the chairman of the audit committee and the fee for attending meetings of the directors is \$500 per meeting. Only a portion of these fees were paid for the fiscal year ended March 31, 2014 given the Corporation's financial circumstances.

The following table summarizes the compensation provided to the directors for the Corporation's most recently completed financial year which will accrue and be paid if and when the Corporation's finances improve.

<b>Name</b>	<b>Fees Earned (\$)</b>	<b>Share-Based Awards (\$)</b>	<b>Option-Based Awards (\$)</b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>	<b>Pension Value (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Vic Alboini	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Donald Rogers	\$10,375	Nil	Nil	Nil	Nil	Nil	\$10,375
Peter Reimer	\$8,500	Nil	Nil	Nil	Nil	Nil	\$8,500
Ian Bradley	\$6,250	Nil	Nil	Nil	Nil	Nil	\$6,250
William Grant	\$7,750	Nil	Nil	Nil	Nil	Nil	\$7,750

Notes: Mr. Rogers joined the Board on September 27, 2013. Mr. Reimer joined the Board on October 9, 2013. Mr. Bradley resigned on October 9, 2013.

OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS							
Option-based Awards					Share-based Awards		
Name of Director	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of unexercised in-the-money options (\$)	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 (\$)
Vic Alboini	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Donald Rogers	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Peter Reimer	Nil	Nil	Nil	Nil	Nil	Nil	Nil

INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING YEAR			
Name of Director	Option-based awards – Value vested during year (\$)	Share-based awards – Value vested during year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Vic Alboini	Nil	Nil	Nil
Ian Bradley	Nil	Nil	Nil
William Grant	Nil	Nil	Nil
Donald Rogers	Nil	Nil	Nil
Peter Reimer	Nil	Nil	Nil

### *Indebtedness of Directors and Executive Officers*

There are no outstanding loans granted by the Corporation to any director or executives nor has any guarantee been provided by the Corporation for the benefit of any director or executive.

### **CORPORATE GOVERNANCE**

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Corporation. National Policy 58-201 Corporate Governance Guidelines ("**NP 58-201**") establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 Disclosure of Corporate Governance Practices ("**NI 58-101**"), the Corporation is required to disclose its corporate governance practices, as summarized below. The Board will continue to monitor such practices on an ongoing basis and, when necessary, implement such additional practices as it deems appropriate.

#### **Board of Directors**

- (a) Peter Reimer and Donald Rogers are independent directors.
- (b) The non-independent director is Vic Alboini, who is the Chairman, President and Chief Executive Officer of the Corporation.
- (c) The majority of the Board members are independent.
- (d) The small size of the Board facilitates open and candid discussion amongst its members. The Compensation Committee, which is made up entirely of outside, unrelated directors, meets independently of management members of the Board to discuss and approve executive compensation related matters, and any other matters deemed significant in their discretion, on at least an annual basis.
- (e) Although the Chairman of the Board is an insider, a majority of the Board is made up of outside, unrelated directors. The Board considers it important that the individual serving as its Chairman has a management-

level understanding of the day-to-day operations of the Corporation. As the Board currently has only one representative of management, and that representative is the Chief Executive Officer, this individual serves the roles of Chairman, President and Chief Executive Officer. The Board does not have an independent "lead director", but the small size of the Board provides the ability for the independent directors to perform their duties appropriately.

- (f) The following table sets forth the number of Board and committee meetings held and attendance by directors for the year ended March 31, 2014:

Director	Board of Directors and Committee Meetings Attended (in person or by telephone)
Vic Alboini	10 of 10
Donald Rogers	4 of 4
Peter Reimer	4 of 4
Ian Bradley	0 of 6
William Grant	6 of 6

Mr. Rogers joined the Board on September 27, 2013. Mr. Reimer joined the Board on October 9, 2013. Mr. Bradley resigned on October 9, 2013.

### **Board Mandate**

The mandate of the Board is to supervise the management of the business and affairs of the Corporation and to act with a view to the best interests of the Corporation and its shareholders. The Board fulfils its mandate directly and through committees. To assist it in fulfilling this responsibility, the Board has specifically recognized its responsibility for the following areas:

- (a) reviewing and approving the Corporation's strategic plan and business initiatives and monitoring the implementation by management of the strategic plan;
- (b) reviewing and approving the Corporation's expenditure policy as well as those expenditures which exceed the limits for management approval;
- (c) reviewing and approving significant operational and financial matters and providing direction to management on these matters;
- (d) overseeing the Corporation's integrity, ethics and compliance with laws and financial reporting requirements;
- (e) ensuring that appropriate succession planning and management development plans are in place;
- (f) monitoring the Corporation's operating results and financial condition;
- (g) understanding and assessing the risks facing the Corporation and monitoring the management of those risks; and
- (h) assessing the performance of the officers and senior management of the Corporation and setting executive compensation accordingly, as well as reviewing and approving corporate objectives and goals applicable to senior management.

### **Position Descriptions**

- (a) Board and Committee Chairs

The Board has not developed written position descriptions for the chair and the chairs of its two committees (Audit Committee and Compensation Committee). The Board operates within the mandate noted above. The Audit Committee operates within its written mandate attached hereto as Schedule "C". The Chair of the Board and of each of the committees is responsible for establishing the agenda for each meeting in consultation with other Board members and executive management.

- (b) Chief Executive Officer

The Board has not developed a written position description for the Chief Executive Officer. The Chief Executive Officer is a director of the Corporation. The mandate of the Board includes setting objectives for executive management and assessing performance against these objectives.

## **Orientation and Continuing Education**

Management, along with the Board, provides all new directors with a briefing on the history of the Corporation, the current financial position and operational strategy of the Corporation, and the structure and operation of the Board. Senior management and the Corporation's auditors make periodic presentations to the Board to ensure they are aware of business conditions, industry practices and emerging issues.

## **Ethical Business Conduct**

The Board has adopted a written Code of Ethics ("**Code**") of the Corporation, which guides all directors, officers, and employees of the Corporation. The Code forms part of the Corporation's Policy and Procedures Manual and addresses the following issues:

- |                                                  |                                                                        |
|--------------------------------------------------|------------------------------------------------------------------------|
| (a) compliance with laws, rules and regulations; | (m) anti-money laundering/terrorist financing;                         |
| (b) compliance with the Code;                    | (n) fraud;                                                             |
| (c) fair and honest dealing;                     | (o) record retention;                                                  |
| (d) anti-discrimination and harassment;          | (p) access to information;                                             |
| (e) substance abuse;                             | (q) conflicts of interest;                                             |
| (f) safety and security;                         | (r) outside activities;                                                |
| (g) supervision of employees;                    | (s) gifts and entertainment;                                           |
| (h) inside information;                          | (t) personal trading, borrowing and lending;                           |
| (i) improper use of knowledge;                   | (u) privacy and confidentiality;                                       |
| (j) use of client information;                   | (v) protection and proper use of company assets;                       |
| (k) standard of care in investment management;   | (w) internal and external examinations, audits and investigations; and |
| (l) improper influence;                          | (x) reporting of potential violations of the Code.                     |

The Board is responsible for monitoring the Code, reviewing management's monitoring of compliance with the Code, and receiving reports from the Chief Financial Officer with regard to the Code.

A copy of the Code is available for review at the Corporation's registered office.

To ensure that directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest, the Board's practice is that the interested director is not permitted to vote on any resolution to approve the matter.

## **Nomination of Directors**

The Board does not currently have a formal committee for nominating new directors or assessing directors. In the event a new director is required, the Board considers a nominee's track record in business management, special expertise in an area of interest to the Corporation, the nominee's ability to devote sufficient time, and whether the nominee has shown support for the Corporation's mission and strategic objectives.

## **Compensation**

The Board has appointed a Compensation Committee comprised entirely of independent directors. Each year, the Compensation Committee and the Board review the base salaries of all executive officers to determine whether adjustments are appropriate to bring their salaries to a competitive level and to reflect their responsibilities as executives of a public corporation. In conducting this review, the Board considers comparative data for executives having similar responsibilities in competitive organizations, taking into account size, location and appropriate differentiating factors.

## **Assessments**

The Board as a whole assesses the effectiveness of the Board and individual members at least annually. The process by which this assessment is done is on an informal basis. Due to the small size of the Board, a formal committee has not been considered necessary or efficient to conduct this assessment.

## **Board Committees**

The Corporation presently has an Audit Committee and a Compensation Committee.



## *Audit Committee*

The Audit Committee assists the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process, and the Corporation's process for monitoring compliance with laws and regulations and the code of conduct.

The responsibilities of the Audit Committee include:

- Being available to assist and provide direction in the audit planning process when and where appropriate;
- Meeting with the auditors as necessary and prior to release and approval of the consolidated financial statements to review audit, disclosure and compliance issues;
- Where necessary, reviewing matters raised by the auditors with appropriate levels of management, and reporting back to the auditors their findings;
- Making known to the auditors any issues of disclosure, corporate governance, fraud or illegal acts, non-compliance with laws or regulatory requirements that are known to them, where such matters may impact the consolidated financial statements or auditors report;
- Providing guidance and direction to the auditors on any additional work they feel should be undertaken in response to issues raised or concerns expressed;
- Making such enquiries as appropriate into the findings of the auditors with respect to corporate governance, management conduct, cooperation, information flow and systems of internal controls;
- Reviewing the draft consolidated financial statements prepared by management including the presentation, disclosures and supporting notes and schedules, for accuracy, completeness and appropriateness, and approve same to be passed to directors for approval; and
- Pre-approving all professional services and allowable consulting services to be provided by the auditors.

At no time since the commencement of the Corporation's most recently completed fiscal year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services.

The Audit Committee members are Mr. Rogers, Mr. Reimer and Mr. Alboini. Other than Mr. Alboini each of the members of the committee are independent, as such term is defined in Multilateral Instrument 52-110 Audit Committees.

All the members of the Committee are "financially literate" and have:

- (a) an understanding of the accounting principles used by the Corporation to prepare its financial statements;
- (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
- (c) 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
- (d) an understanding of internal controls and procedures for financial reporting.

The following is a brief summary of the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member:

- **Mr. Alboini** – Mr. Alboini has been in the securities industry for a total of 19 years and is experienced in mergers and acquisitions in his role as an investment banker and as an officer and director. Mr. Alboini has been a securities lawyer at McCarthy & McCarthy (now McCarthy Tetrault), President of Prenor Financial Inc., Managing Director Loewen, Ondaatje & McCutcheon, Executive Vice President. Mergers and Acquisitions at Yorkton Securities Inc. and Chairman and Chief Executive Officer of the Corporation and NSI. Mr. Alboini is also Chairman and Chief Executive officer of Jaguar Financial Corporation. Mr. Alboini has a Masters of Law (Corporate Finance) from Osgoode Hall, a Bachelor of Laws from the University of Toronto, and a Bachelor of Arts (Political Science) at the University of Toronto.
- **Mr. Rogers** – Mr. Rogers has had substantial experience in carrying out business restructurings. Mr. Rogers

was Senior Director of Portfolio Management at the Canadian Imperial Bank of Commerce from May 2010 to March 2012. Prior thereto from July 2001 to May 2010, he was Senior Vice-President of CIT Canada responsible for Asset Backed Lending Business.

- **Mr. Reimer** – Mr. Reimer spent 34 years in the investment business in Vancouver, where he served with several firms as an investment advisor, manager, director and officer. Since retiring from the investment business, Mr. Reimer has been active as a private investor and a participant in venture capital.

The Audit Committee meets on a quarterly basis and holds special meetings, as circumstances require.

#### *Audit Fees*

The fees charged to the Corporation by its external auditor in each of the last two fiscal years are as follows:

	<b>Fiscal Year Ended March 31, 2014</b>	<b>Fiscal Year Ended March 31, 2013</b>
Audit Fees <sup>(1)</sup>	<b>\$15,000</b>	<b>\$60,000</b>
Audit-Related Fees <sup>(2)</sup>	<b>Nil</b>	<b>Nil</b>
Tax Fees <sup>(3)</sup>	<b>\$5,000</b>	<b>Nil</b>
All Other Fees	<b>Nil</b>	<b>Nil</b>

Notes:

- (1) Audit fees include fees for services related to the audit of the Corporation's financial statements or other services that are normally provided by the external auditors in connection with statutory or regulatory filings or engagements. These fees also include fees for comfort letters, statutory audits, attest services, consents and assistance with the preparation and review of documents filed with regulators, as well as in connection with the interpretation of accounting and financial reporting standards.
- (2) Audit-related fees include assurance and related services that are performed by the Corporation's auditors. These services also include accounting consultations in connection with divestitures and internal control reviews.
- (3) Tax fees include fees for assistance with tax planning, during restructurings and when taking a tax position, as well as preparation and review of income and other tax returns and tax opinions.

The Corporation is relying on the exemption in section 6.1 of National Instrument 52-110 – *Audit Committees* and Audit Committee charter is attached hereto as Schedule "C".

#### *Compensation Committee*

The Corporation's Compensation Committee is comprised entirely of independent directors. Peter Reimer and Donald Rogers are the current members of the Compensation Committee. The members of the Compensation Committee have significant business management experience, which provides them with an understanding of the factors that are required in evaluating compensation.

### **INSURANCE COVERAGE**

The Corporation's directors and officers are not covered under directors and officers' insurance policies.

### **ADDITIONAL INFORMATION**

Additional information about the Corporation, including the Corporation's current annual information form, MD&A and financial statements can be found on the SEDAR website for Canadian regulatory filings at [www.sedar.com](http://www.sedar.com). Shareholders may also contact the Corporation at 647-352-8180 to request copies of the Corporation's financial statements and MD&A. Financial information is provided in the Corporation's comparative financial statements and MD&A for its most recently completed financial year.

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

By Order of the Board.

August 15, 2014

*"Vic Alboini"*

Vic Alboini

Chairman and Chief Executive Officer

## SCHEDULE A

### ORDINARY RESOLUTION OF THE SHAREHOLDERS OF ADDED CAPITAL INC. (FORMERLY NORTHERN FINANCIAL CORPORATION) (the "Corporation")

#### RE-APPROVAL OF EMPLOYEE SHARE PURCHASE PLAN

**BE IT RESOLVED** as an ordinary resolution of the Corporation that:

1. The Employee Share Purchase Plan, the text of which is set out below, is hereby confirmed, approved and adopted; and
2. Any one or more directors or officers be and are hereby authorized, upon the board of directors of the Corporation resolving to give effect to this resolution, to take all necessary acts and proceedings, to execute and deliver and file any and all applications, declarations, documents and other instruments and to do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to the provisions of this resolution.

Text of Employee Share Purchase Plan:

#### "EMPLOYEE SHARE PURCHASE PLAN

1. Added Capital Inc. ("**Added**") has established an Employee Share Purchase Plan ("**ESPP**") for the benefit of the employees of Added and Northern Securities Inc. ("**NSI**"). Added and NSI are sometimes collectively referred to as "**Added**".
2. Employees qualify to participate in the ESPP once they have completed six months of employment at Added. These employees are referred to as "**Qualifying Employees**".
3. On August 1 in each year, Qualifying Employees can purchase common shares of Added up to 8% of their compensation in the six-month period ending June 30, subject to a maximum amount of \$4,000.
4. Similarly on February 1 in each year, Qualifying Employees can purchase common shares of Added up to 8% of their compensation in the six-month period ending December 31, subject to a maximum amount of \$4,000.
5. Accordingly, the maximum amount that can be invested by a Qualifying Employee in any year is \$8,000.
6. The purchase price of the Added shares under the ESPP is the volume weighted average price for the 20 trading day period ending on the applicable June 30 or December 31 date.
7. On each August 1 and February 1 Added will match the number of common shares purchased by Qualifying Employees (the "**Employee Shares**") by issuing the same number of common shares (the "**Matching Shares**") at no cost to the Qualifying Employees.

8. The Matching Shares are issued to Qualifying Employees equally over a three-year period following the date of the purchase of the Employee Shares, as long as the Qualifying Employee is an employee of Added at that time. Therefore Qualifying Employees earn one-third of their Matching Shares one year following the date of issue of the Employee Shares, a further one-third of their Matching Shares two years following the date of issue of the Employee Shares, and the final one-third of their Matching Shares three years following the date of issue of the Employee Shares.
9. If the employment of any Qualifying Employee is terminated for any reason whatsoever, including voluntary resignation, termination by Added with or without cause, the Matching Shares that have not been issued to the Qualifying Employee are forfeited by such Employee. Despite the foregoing, upon the death of a Qualifying Employee, Matching Shares that would have been issued to such employee as a result of the purchase of Employee Shares as at the date of death will continue to be issued by Added to the estate of such Qualifying Employee over the three year period referred to above.
10. The Employee Shares are freely tradable by Qualifying Employees on or after the date of their issue. Matching Shares may not be traded by Qualifying Employees until the dates such shares are issued as noted above.
11. The number of securities issuable to insiders, at any time, under all security based compensation arrangements, cannot exceed 10% of issued and outstanding securities and the number of securities issued to insiders, within any one year period, under all security based compensation arrangements, cannot exceed 10% of issued and outstanding securities.
12. Added may satisfy its obligations under the ESPP to issue Employee Shares and Matching Shares, in whole or in part, through the issuance of securities from treasury and/or by delivery of previously issued common shares acquired on a public market such as the TSX. Added reserves the right to discharge any and all of its obligations under the ESPP through the use of a plan administrator or other third party service provider.
13. The ESPP may be amended from time to time by the directors of the Corporation. For greater certainty and without limiting the foregoing, without requirement to seek shareholder approval:
  - i) the directors of the Corporation may, from time to time, waive or increase the participation limits set out in any of paragraphs 3, 4, and 5 of the ESPP provided that the aggregate participation of all eligible employees in respect of the participation date on which the waiver or increase applies shall not exceed the aggregate maximum participation that would otherwise apply had the waiver or increase not been granted and the restrictions set out in paragraph 11 are complied with; and
  - ii) the directors of the Corporation may, from time to time, set participation dates and vesting periods for the issuance of Matching Shares under the ESPP different than those set out in paragraphs 3, 4, 7 and 8 of the ESPP provided that, (A) under no circumstances shall the Board be entitled to lengthen the vesting periods for the issuance of Matching Shares in respect of ESPP participation that occurred prior to the date hereof, and (B) the purchase price of the NFC shares under the ESPP is the volume weighted average price for the 20 trading day period ending 30 days prior to the participation date.
14. The maximum number of Common Shares that can be issued under the ESPP in a given fiscal year cannot exceed 10% of the Corporation's issued and outstanding shares calculated at the last day of the prior fiscal year."

## SCHEDULE B

### ORDINARY RESOLUTION OF THE SHAREHOLDERS OF ADDED CAPITAL INC. (FORMERLY NORTHERN FINANCIAL CORPORATION) (the "Corporation")

#### APPROVAL OF STOCK OPTION PLAN

**BE IT RESOLVED** as an ordinary resolution of the Corporation that:

1. The Stock Option Plan, the text of which is set out below, is hereby confirmed, approved and adopted; and
2. Any one or more directors or officers be and are hereby authorized, upon the board of directors of the Corporation resolving to give effect to this resolution, to take all necessary acts and proceedings, to execute and deliver and file any and all applications, declarations, documents and other instruments and to do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to the provisions of this resolution.

Text of Stock Option Plan:

#### "STOCK OPTION PLAN

##### 1. PURPOSE

The purpose of this stock option plan (the "Plan") is to authorize the grant to service providers for Added Capital Inc. (the "**Corporation**") of options to purchase common shares ("**shares**") of the Corporation's capital and thus benefit the Corporation by enabling it to attract, retain and motivate service providers by providing them with the opportunity, through share options, to acquire an increased proprietary interest in the Corporation.

##### 2. ADMINISTRATION

The Plan shall be administered by the board of directors of the Corporation or a committee established by the board of directors for that purpose (the "**Committee**"). Subject to approval of the granting of options by the board of directors or Committee, as applicable, the Corporation shall grant options under the Plan.

##### 3. SHARES SUBJECT TO PLAN

The aggregate number of shares of the Corporation reserved for issuance and which may be issued and sold under the Plan, or any other stock option plans of the Corporation, shall not exceed ten percent (10%) of the total number of issued and outstanding shares (calculated on a non-diluted basis) from time to time. The total number of shares which may be reserved for issuance to any one individual under the Plan within any one year period shall not exceed 5% of the outstanding issue. The Corporation shall not, upon the exercise of any option, be required to issue or deliver any shares prior to (a) the admission of such shares to listing on any stock exchange on which the Corporation's shares may then be listed, and (b) the completion of such

registration or other qualification of such shares under any law, rules or regulation as the Corporation shall determine to be necessary or advisable. If any shares cannot be issued to any optionee for whatever reason, the obligation of the Corporation to issue such shares shall terminate and any option exercise price paid to the Corporation shall be returned to the optionee.

#### 4. LIMITS WITH RESPECT TO INSIDERS

- (a) The maximum number of shares which may be reserved for issuance to insiders under the Plan, any other employer stock option plans or options for services, shall be 10% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).
- (b) The maximum number of shares which may be issued to insiders under the Plan, together with any other previously established or proposed share compensation arrangements, within any one year period shall be 10% of the outstanding issue. The maximum number of shares which may be issued to any one insider and his or her associates under the Plan, together with any other previously established or proposed share compensation arrangements, within a one year period shall be 5% of the shares outstanding at the time of the grant (on a non-diluted basis).

#### 5. ELIGIBILITY

Options shall be granted only to Eligible Persons, any registered savings plan established by an Eligible Person or any corporation wholly-owned by an Eligible Person. The term "Eligible Person" means:

- (a) an officer, director or insider of the Corporation or any of its subsidiaries;
- (b) either:
  - (i) an individual who is considered an employee under the Income Tax Act;
  - (ii) an individual who works full-time for the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source, or
  - (iii) an individual who works for the Corporation on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source,

any such individual being referred to herein as, an "**Employee**";

- (c) an individual employed by a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual (a "**Company**") or an individual (together with a Company, a "**Person**") providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a Person engaged in Investor Relations Activities (as hereafter defined) (a "**Management Company Employee**");
- (d) an individual (or a company wholly-owned by individuals) who:
  - (i) provides ongoing consulting services to the Corporation or an Affiliate of the Corporation under a written contract;
  - (ii) possesses technical, business or management expertise of value to the Corporation or an Affiliate of the Corporation;

- (iii) spends a significant amount of time and attention on the business and affairs of the Corporation or an Affiliate of the Corporation;
- (iv) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation; and
- (v) does not engage in Investor Relations Activities (as hereafter defined)

any such individual, a "**Consultant**"; or

- (e) any Employee engaged to provide services that promote the purchase or sale of the issued securities (an "**Investor Relations Employee**").

For purposes of the foregoing, a Company is an "**Affiliate**" of another Company if: (a) one of them is the subsidiary of the other; or (b) each of them is controlled by the same Person.

The term "**Investor Relations Activities**" means any activities or oral or written communications, by or on behalf of the Corporation or shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:

- (a) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation
  - (i) to promote the sale of products or services of the Corporation, or
  - (ii) to raise public awareness of the Corporation, that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;
- (b) activities or communications necessary to comply with the requirements of
  - (i) applicable securities laws, policies or regulations,
  - (ii) the rules, and regulations of any stock exchange on which the shares are listed for trading or dealing network where the shares trade (the "**Exchange**") or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over the Corporation;
- (c) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if
  - (i) the communication is only through the newspaper, magazine or publication, and
  - (ii) the publisher or writer received no commission or other consideration other than for acting in the capacity of publisher or writer; or
- (d) activities or communications that may be otherwise specified by the Exchange.

For stock options to Employees, Consultants or Management Company Employees, the Corporation must represent that the optionee is a bonafide Employee, Consultant or Management Company Employee as the case maybe. The terms "insider", "controlled" and "subsidiary" shall have the meanings ascribed thereto in the Securities Act (Ontario) from time to time. Subject to the foregoing, the board of directors or Committee, as applicable, shall have full and final authority to determine the persons who are to be granted options under the Plan and the number of shares subject to each option.

6. LIMITS WITH RESPECT TO CONSULTANTS AND INVESTOR RELATIONS EMPLOYEES

- (a) The maximum number of shares which may be reserved for issuance to any one Consultant under the Plan, any other employer stock options plans or options for services, within anyone year period, shall be 2% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).
- (b) The maximum number of shares which may be reserved for issuance to Investor Relations Employees under the Plan, any other employer stock options plans or options for services, within any one year period shall be 2% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).

7. PRICE

The purchase price (the "**Price**") for the shares of the Corporation under each option shall be determined by the board of directors or Committee, as applicable, on the basis of the market price, where "market price" shall mean the prior trading day closing price of the shares of the Corporation on the Exchange, and where there is no such closing price or trade on the prior trading day, "market price" shall mean the average of the most recent bid and ask of the shares of the Corporation on any stock exchange on which the shares are listed or dealing network on which the shares of the Corporation trade. In the event the shares are listed on the TSX Venture Exchange, the price maybe the market price less any discounts from the market price allowed by TSX Venture Exchange, subject to a minimum price of \$0.05.

8. PERIOD OF OPTION AND RIGHTS TO EXERCISE

Subject to the provisions of this paragraph 8 and paragraphs 9, 10 and 17 below, options will be exercisable in whole or in part, and from time to time, during the currency thereof and Options shall not be granted for a term exceeding five years. The shares to be purchased upon each exercise of any option (the "**optioned shares**") shall be paid for in full at the time of such exercise. Except as provided in paragraphs 9, 10 and 17 below, no option which is held by a service provider may be exercised unless the optionee is then a service provider for the Corporation.

9. CESSATION OF PROVISION OF SERVICES

Subject to paragraph 10 below, if any optionee who is a service provider shall cease to be a service provider for the Corporation for any reason (whether or not for cause) the optionee may, but only within the period of ninety days, or thirty days if the service provider is an Investor Relations Employee, next succeeding such cessation and in no event after the expiry date of the optionee's option, exercise the optionee's option unless such period is extended as provided in paragraph 10 below.

10. DEATH OF OPTIONEE

In the event of the death of an optionee during the currency of the optionee's option, the option theretofore granted to the optionee shall be exercisable within, but only within, the period of one year next succeeding the optionee's death. Before expiry of an option under this paragraph 10, the board of directors or Committee, as applicable, shall notify the optionee's representative in writing of such expiry.

11. NON-ASSIGNABILITY AND NON-TRANSFERABILITY OF OPTION

An option granted under the Plan shall be non-assignable and non-transferable by an optionee otherwise than by will or by the laws of descent and distribution, and such option shall be exercisable, during an optionee's lifetime, only by the optionee.



## 12. ADJUSTMENTS IN SHARES SUBJECT TO PLAN

The aggregate number and kind of shares available under the Plan shall be appropriately adjusted in the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares of the Corporation. The options granted under the Plan may contain such provisions as the board of directors, or Committee, as applicable, may determine with respect to adjustments to be made in the number and kind of shares covered by such options and in the option price in the event of any such change. If there is a reduction in the exercise price of the options of an insider of the Corporation, the Corporation will be required to obtain approval from disinterested shareholders.

## 13. AMENDMENT AND TERMINATION OF THE PLAN

The board of directors or Committee, as applicable, may at any time amend or terminate the Plan, but where amended, such amendment is subject to regulatory approval.

## 14. EFFECTIVE DATE OF THE PLAN

The Plan becomes effective on the date of its approval by the shareholders of the Corporation.

## 15. EVIDENCE OF OPTIONS

Each option granted under the Plan shall be embodied in a written option agreement between the Corporation and the optionee which shall give effect to the provisions of the Plan.

## 16. EXERCISE OF OPTION

Subject to the provisions of the Plan and the particular option, an option may be exercised from time to time by delivering to the Corporation at its registered office a written notice of exercise specifying the number of shares with respect to which the option is being exercised and accompanied by payment in cash or certified cheque for the full amount of the purchase price of the shares then being purchased.

Upon receipt of a certificate of an authorized officer directing the issue of shares purchased under the Plan, the transfer agent is authorized and directed to issue and countersign share certificates for the optioned shares in the name of such optionee or the optionees legal personal representative or as may be directed in writing by the optionee's legal personal representative.

## 17. VESTING RESTRICTIONS

Options issued under the Plan may vest at the discretion of the board of directors or Committee, as applicable, provided that (a) the number of shares which may be acquired pursuant to the Plan shall not exceed a specified number or percentage during the term of the option; and (b) options issued to Investor Relations Employees must vest in stages over not less than 12 months with no more than one-quarter (1/4) of the options vesting in any three month period.

## 18. NOTICE OF SALE OF ALL OR SUBSTANTIALLY ALL SHARES OR ASSETS

If at any time when an option granted under this Plan remains unexercised with respect to any optioned shares:

- (a) the Corporation seeks approval from its shareholders for a transaction which, if completed, would constitute an Acceleration Event; or

- (b) a third party makes a bona fide formal offer or proposal to the Corporation or its shareholders which, if accepted, would constitute an Acceleration Event;

the Corporation shall notify the optionee in writing of such transaction, offer or proposal as soon as practicable and, provided that the board of directors or Committee, as applicable, has determined that no adjustment shall be made pursuant to section 12 hereof, (i) the board of directors or Committee, as applicable, may permit the optionee to exercise the option granted under this Plan, as to all or any of the optioned shares in respect of which such option has not previously been exercised (regardless of any vesting restrictions), during the period specified in the notice (but in no event later than the expiry date of the option), so that the optionee may participate in such transaction, offer or proposal; and (ii) the board of directors or Committee, as applicable, may require the acceleration of the time for the exercise of the said option and of the time for the fulfilment of any conditions or restrictions on such exercise.

For these purposes, an Acceleration Event means:

- (a) the acquisition by any "offeror" (as defined in Part XX of the Securities Act (Ontario)) of beneficial ownership of more than 50% of the outstanding voting securities of the Corporation, by means of a takeover bid or otherwise;
- (b) any consolidation or merger of the Corporation in which the Corporation is not the continuing or surviving corporation or pursuant to which shares of the Corporation would be converted into cash, securities or other property, other than a merger of the Corporation in which shareholders immediately prior to the merger have the same proportionate ownership of stock of the surviving corporation immediately after the merger;
- (c) any sale, lease exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Corporation; or
- (d) the approval by the shareholders of the Corporation of any plan of liquidation or dissolution of the Corporation.

## 19. RIGHTS PRIOR TO EXERCISE

An optionee shall have no rights whatsoever as a shareholder in respect of any of the optioned shares (including any right to receive dividends or other distributions therefrom or thereon) other than in respect of optioned shares in respect of which the optionee shall have exercised the option to purchase hereunder and which the optionee shall have actually taken up and paid for.

## 20. GOVERNING LAW

This Plan shall be construed in accordance with and be governed by the laws of the Province of Ontario and shall be deemed to have been made in said Province, and shall be in accordance with all applicable securities laws.

## 21. EXPIRY OF OPTION

On the expiry date of any option granted under the Plan, and subject to any extension of such expiry date permitted in accordance with the Plan, such option hereby granted shall forthwith expire and terminate and be of no further force or effect whatsoever as to such of the optioned shares in respect of which the option has not been exercised.

**SCHEDULE "C"**  
**CHARTER**  
**OF THE AUDIT COMMITTEE OF**  
**ADDED CAPITAL INC.**  
**(FORMERLY NORTHERN FINANCIAL CORPORATION) (the "Corporation")**

**Mandate**

To assist the board of directors of the Corporation in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process, and the Corporation's process for monitoring compliance with laws and regulations and the code of conduct.

**Authority**

The audit committee has authority to conduct or authorize investigations into any matters within its mandate. It is empowered to:

- Retain outside counsel, accountants or others to advise the committee.
- Seek any information it requires from employees – all of whom are directed to co-operate with the committee's requests – or external parties.
- Meet with the Corporation's officers, external auditors or outside counsel and review Corporation books and records, as necessary.

**Composition**

The audit committee will consist of three members of the board of directors. The board will appoint committee members and the committee chair. In the absence of the chair at any particular meeting, the other committee members shall appoint a member for such purpose. Any member of the committee may be removed or replaced at any time by the board and shall cease to be a member of the committee upon ceasing to be a director. Subject to the foregoing, each member of the committee shall hold office as such until the next annual meeting of shareholders.

Subject to applicable exemptions, each committee member will be both independent of management and is an unrelated director, and shall be able to read and understand a balance sheet, an income statement and a cash flow statement. At least one member shall have accounting or related financial expertise, which shall be defined as having sufficient experience, in the opinion of the board, to be able to appreciate the significance of the information in the financial statements.

**Meetings**

The committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require. All committee members are expected to attend each meeting, in person or via teleconference; however, two members of the audit committee, present in person or via teleconference, will constitute a quorum. The committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. It will hold private meetings with auditors and meetings with management. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared by the secretary of the committee (who shall be appointed from among its members and may include the chair of the committee). Subject to the foregoing, the times of meetings and the places where meetings of the committee shall be held and the calling of, and procedures at, such meetings shall be determined from time to time by the committee, provided that meetings shall be convened with the auditors of the Corporation whenever requested by them in accordance with the *Business Corporations Act* (Ontario) and generally accepted auditing standards. Meetings with the Corporation's auditors shall, in any event, occur at least annually and with the Corporation's management, at least four times a year.

## **Duties**

The committee will carry out the following duties in furtherance of its mandate:

### *Financial Statements*

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understanding their impact on the financial statements.
- Review with management and the external auditors the results of the audit, including any difficulties encountered, and resolving disagreements between management and the external auditors regarding financial reporting.
- Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- Review other sections of the annual report (including annual management discussion and analysis) and related securities regulatory filings (including the annual information form) before release and consider the accuracy and completeness of the information.
- Review with management and the external auditors all matters which the external auditors communicate to the committee pursuant to generally accepted auditing standards.
- Understand how management develops interim financial information, and the nature and extent of external auditor involvement.
- Review interim financial reports (including interim management discussion and analysis) with management and the external auditors, before filing with regulators, and consider whether they are complete and consistent with the information known to committee members.

### *Internal Control*

- Consider effectiveness of the Corporation's internal control over the conduct of financial transactions and over annual and interim financial reporting, including information technology security and control.
- Understand the scope of external auditors' review of internal control over the conduct of financial transactions and over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

### *External Audit*

- Review the external auditors' proposed audit scope and approach.
- Review the performance of the external auditors, and exercise final approval on the recommended appointment or discharge of the auditors, who are ultimately accountable to the board and the audit committee as representatives of shareholders.
- Review and confirm the independence of the external auditors by obtaining written statements, at least annually, from the auditors on all relationships between the auditors and the Corporation, including non-audit services, and the fees paid or payable with respect thereto, and discussing the relationships with the auditors.
- Pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by the Corporation's external auditors, delegate a member of the committee to perform such pre-approval function, or establish policies and procedures with respect to the provision of non-audit services in accordance with applicable law.
- On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

### *Compliance*

- Review the effectiveness of the system of monitoring compliance with laws and regulations relating to financial reporting and securities law matters and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Review the process for communicating the code of conduct to Corporation personnel, and for monitoring compliance therewith.
- Review the procedures relating to the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential submissions by employees of concerns regarding questionable accounting or auditing matters.
- Obtain regular updates from management and Corporation's legal counsel regarding compliance with laws and regulations relating to financial reporting and securities law matters and other matters that may have a material impact on financial statements.

### *Reporting Responsibilities*

- Regularly report to the board of directors about committee activities, issues and related recommendations.
- Provide an open avenue of communication between the external auditors and the board of directors.
- Review any other reports the Corporation issues that relate to committee responsibilities.
- Other Responsibilities
- Perform other activities related to this charter as requested by the board of directors and as required by law.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the committee charter annually, requesting board approval for proposed changes.
- Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the Corporation's present and former external auditors.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the committee's and individual members' performance on a regular basis.

### **Limitations**

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 generally accepted accounting principles have been utilized in generating the Corporation's financial statements. This is the responsibility of management and the independent auditor. Nor is it the duty of the committee to conduct investigations or to assure compliance with laws and regulations and the business conduct guidelines of the Corporation.