

# **LA JOLLA CAPITAL INC.**

NOTICE OF ANNUAL GENERAL MEETING

AND

INFORMATION CIRCULAR

**October 1, 2018**

# LA JOLLA CAPITAL INC.

Suite 810 – 789 West Pender Street  
Vancouver, British Columbia, V6C 1H2

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The 2018 annual general meeting (the “**Meeting**”) of the shareholders of La Jolla Capital Inc., (the “**Company**” or “**La Jolla**”) will be held at Suite 810 – 789 West Pender Street, Vancouver, British Columbia, V6C 1H2 on Wednesday, October 31, 2018, at 10:00 a.m. (Vancouver time), for the following purposes (the “**Notice**”):

1. to receive and consider the report of the directors of the Company, the consolidated financial statements of the Company for its financial year ended June 30, 2017 and the report of the auditor thereon;
2. to fix the number of persons to be elected to the Board of Directors at three (3);
3. to elect directors for the ensuing year;
4. to appoint Adam Sung Kim Ltd., Chartered Professional Accountants, as the Company’s auditor for the ensuing year, and to authorize the directors to fix the remuneration to be paid to the auditor;
5. to consider any permitted amendment to or variation of any matter identified in this Notice, and to transact such other business as may properly come before the Meeting or any adjournment thereof. Management is not currently aware of any additional matters.

An Information Circular is attached to this Notice along with a form of Proxy or Voting Instruction Form, and a Financial Statement Request Form. The Information Circular contains details of the Company and matters to be considered at the Meeting.

**Shareholders who are unable to attend the Meeting in person and who wish to ensure that their shares will be voted at the Meeting are requested to complete, date and sign the enclosed form of proxy, or another suitable form of proxy, and deliver it by fax, by hand or by mail in accordance with the instructions set out in the form of Proxy and in the Information Circular.**

**Shareholders who plan to attend the Meeting must follow the instructions set out in the form of Proxy and in the Information Circular to ensure that their shares will be voted at the Meeting.**

**Dated at Vancouver, British Columbia, Canada, on this 1st day of October, 2018.**

BY ORDER OF THE BOARD OF DIRECTORS:

“Eugene Beukman”  
EUGENE BEUKMAN  
Chief Executive Officer and Director

# LA JOLLA CAPITAL INC.

Suite 810 – 789 West Pender Street  
Vancouver, British Columbia, V6C 1H2

## INFORMATION CIRCULAR

as at October 1, 2018

**THIS INFORMATION CIRCULAR (THE “CIRCULAR”) IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT OF LA JOLLA CAPITAL INC. (THE “COMPANY” or “LA JOLLA”) FOR USE AT THE ANNUAL GENERAL MEETING (THE “MEETING”) OF THE COMPANY TO BE HELD AT SUITE 810 – 789 WEST PENDER STREET, VANCOUVER, BRITISH COLUMBIA, CANADA AT 10:00 A.M. (VANCOUVER TIME), ON WEDNESDAY, OCTOBER 31, 2018, OR AT ANY ADJOURNMENTS THEREOF, FOR THE PURPOSES SET FORTH IN THE ACCOMPANYING NOTICE OF MEETING.**

In this Information Circular, references to “the Company”, “we”, “our” and “La Jolla” refer to La Jolla Capital Inc. “Common Shares” or “Shares” means common shares in the capital of the Company. “Beneficial Shareholders” means shareholders who do not hold Shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

The Company is not relying on the “Notice and Access” delivery procedures outlined in NI 54-101 to distribute copies of proxy-related materials in connection with the Meeting by posting them on a website.

Under La Jolla’s Articles, two persons present in person, each being a Shareholder entitled to vote thereat or a duly appointed Proxyholder for an absent Shareholder so entitled. If a quorum is present at the opening of any meeting of Shareholders, the Shareholders present or represented by proxy may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of any meeting of Shareholders, the Shareholders present or represented by proxy may adjourn the meeting to a fixed time and place by may not transact any other business.

## **PART 1 - GENERAL PROXY AND VOTING INFORMATION**

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### **SOLICITATION OF PROXIES**

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. All costs of solicitation of proxies by management will be borne by the Company.

### **WHO CAN VOTE**

If you are a registered shareholder of the Company as at **October 1, 2018**, you are entitled to notice of and to attend at the Meeting and cast a vote for each share registered in your name on all resolutions put before the Meeting. If the shares are registered in the name of a corporation, a duly authorized officer of the corporation may attend on its behalf, but documentation indicating such officer’s authority should be presented at the Meeting. If you are a registered shareholder but do not wish to, or cannot, attend the Meeting in person you can appoint someone who will attend the Meeting and act as your proxyholder to vote in accordance with your instructions (see “**Voting By Proxy**” below). If your shares are registered in the name of a “nominee” (usually a bank, trust company, securities dealer, financial institution or other intermediary) you should refer to the section entitled “**Non-registered Shareholders**” set out below.

It is important that your shares be represented at the Meeting regardless of the number of shares you hold. If you will not be attending the Meeting in person, we invite you to complete, date, sign and return your form of proxy as soon as possible so that your shares will be represented.

### **WHAT IS A PROXY**

A form of proxy is a document that authorizes someone to attend the Meeting and cast your votes for you. We have enclosed a form of proxy with this Information Circular. You should use it to appoint a proxyholder, although you can also use any other legal form of proxy.

## VOTING BY PROXY

The persons named in the Proxy will vote or withhold from voting the common shares of the Company (“Shares”) represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors,
- (b) any amendment to or variation of any matter identified therein, and
- (c) any other matter that properly comes before the Meeting.

**In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Shares represented by the Proxy for the approval of such matter.**

## APPOINTMENT OF PROXYHOLDERS

The individuals named in the accompanying form of proxy (the “Proxy”) are directors and officers of or counsel to the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

## REGISTERED SHAREHOLDERS

Registered shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered shareholders electing to submit a proxy may do so by completing the form of proxy and returning it to the Company’s transfer agent, National Issuer Services Ltd. (the “Transfer Agent”):

By Mail: 760 – 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4,

By Fax: 604-559-8908

By email: [proxy@transferagent.ca](mailto:proxy@transferagent.ca)

no later than **10:00 am on Monday, October 29, 2018**, or at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) before the time and date of any adjournment or postponement of the Meeting.

## NON-REGISTERED SHAREHOLDERS

The following information is of significant importance to shareholders of the Company who do not hold Shares in their own name. This is called a Beneficial Shareholder. Beneficial Shareholders should note that the only Proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of Shares).

If Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Shares will not be registered in the shareholder’s name on the records of the Company. Such Shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In the United States the vast majority of such Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many United States brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from beneficial shareholders in advance of shareholders’ meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

### **IF YOU ARE A BENEFICIAL SHAREHOLDER:**

You should carefully follow the instructions of your broker or intermediary in order to ensure that your Shares are voted at the Meeting.

The form of proxy supplied to you by your broker will be similar to the Proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote on your behalf. Many brokers delegate responsibility for obtaining instructions from clients to an investor communication service (“ICS”) in Canada/ the

United States. The ICS will typically mail a voting instruction form in lieu of a Proxy provided by the Company. The voting instruction form will name the same persons as the Company's Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a Beneficial shareholder of the Company), other than the persons designated in the voting instruction form, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the voting instruction form. The completed voting instruction form must then be returned to the ICS by mail or facsimile or given to the ICS by phone or over the internet, in accordance with the ICS's instructions. The ICS then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. **If you receive a voting instruction form from an ICS, you cannot use it to vote Shares directly at the Meeting - the voting instruction form must be completed and returned to the ICS, in accordance with its instructions, well in advance of the Meeting in order to have the Shares voted.**

Although as a Beneficial shareholder you may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of your broker, you, or a person designated by you, may attend at the Meeting as proxy holder for your broker and vote your Shares in that capacity. If you wish to attend at the Meeting and indirectly vote your Shares as proxy holder for your broker, or have a person designated by you do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the voting instruction form provided to you and return the same to your broker in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

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

This Information Circular and related material is being sent to both registered and non-registered owners of the securities of the Company. If you are a non-registered owner, and the Company 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 Company (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 your request for voting instructions.

#### **REVOCAION OF PROXIES**

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a Proxy may revoke it by:

- (a) executing a Proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the registered shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the Proxy bearing a later date to National Issuer Services Ltd. at their offices located at 760 – 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4, by mail, or by fax at 604-559-8908, or by email at [proxy@transferagent.ca](mailto:proxy@transferagent.ca), or at the address of the registered office of the Company at Suite 810 – 789 West Pender Street, Vancouver, B. C., V6C 1H2, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (b) personally attending the Meeting and voting the registered shareholder's Shares.

A revocation of a Proxy will not affect a matter on which a vote is taken before the revocation.

#### **VOTES NECESSARY TO PASS RESOLUTIONS**

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein. If there are more nominees for election than there are vacancies to fill, or if there is more than one auditor nominated, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

## PART 2 – VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

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The Board of Directors of the Company (the “**Board**”) has fixed **October 1, 2018** as the record date (the “**Record Date**”) for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of Proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Shares voted at the Meeting.

The Company is authorized to issue an unlimited amount of Shares, and as of the Record Date, there were 5,983,324 Shares issued and outstanding, each carrying the right to one vote. There are no Shares held in escrow which are subject to trading restrictions. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to Shares.

To the knowledge of the directors and executive officers of the Company the following are the registered holders of shares carrying more than 10% of the voting rights:

Shareholder Name <sup>(1)</sup>	Number of Shares Held	Percentage of Issued Shares
SOHL Inc.	1,580,933	26.42%
CDS & CO <sup>(2)</sup>	1,482,479	24.78%

Notes:

- (1) The above information was supplied by the Company’s transfer agent, National Issuer Services Ltd.  
(2) CDS & CO is a share depository, the beneficial ownership of which is unknown to the Company

## PART 3 – THE BUSINESS OF THE MEETING

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### FINANCIAL STATEMENTS

The audited financial statements of the Company for the year ended **June 30, 2017**, the report of the Company’s auditor thereon and related management discussion and analysis will be placed before the Meeting. Copies of these documents will be available at the Meeting and may also be obtained by a shareholder upon request without charge from Eugene Beukman, Chief Executive Officer and a director of the Company, at Suite 810 – 789 West Pender Street, Vancouver, British Columbia, V6C 1H2. These documents are also available through the Internet on SEDAR, which can be accessed at [www.SEDAR.com](http://www.SEDAR.com).

### ELECTION OF DIRECTORS

#### NUMBER OF DIRECTORS

Directors of the Company are elected for a term of one year. The term of office of each of the current directors will end at the conclusion of the Meeting. Unless a director’s office is earlier vacated in accordance with the provisions of the *Canada Business Corporations Act*, each director elected will hold office until the conclusion of the next general meeting of the Company, or until a successor is elected or herby resigns.

At the Meeting **three (3)** persons will be proposed by management for election to the Board of directors. Prior to the next annual general meeting of shareholders, the number of directors comprising the Board can by ordinary resolution be increased to a maximum of ten (10) directors but shall not consist of fewer than one (1) directors.

**The Company’s management recommends that the shareholders vote in favour of the resolution setting the number of directors at three (3). Unless you give other instructions, the Management Proxyholders intend to vote FOR the resolution setting the number of directors at three (3).**

#### MANAGEMENT NOMINEES FOR ELECTION

The following table sets out the names of management’s nominees for election as directors, all major offices and positions with the Company 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 Company and the number of Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the Record Date.

Name of Nominee; Current Position with the Company and Province and Country of Residence <sup>(1)</sup>	Occupation, Business or Employment	Period as a director of the Company	Shares Beneficially Owned or Controlled <sup>(1)</sup>	Convertible Securities Owned or Controlled
Eugene Beukman <sup>(2)</sup> President, Chief Executive Officer, Director North Vancouver, Canada	Corporate consultant to public companies since January 1994; director and/or officer of several reporting companies listed on the TSX Venture Exchange and the Canadian National Stock Exchange; President of Pender Street Corporate Consulting.	June 17, 2015 to present	Nil	0 Options 0 Warrants
Damanjit Gahunia <sup>(2)</sup> Chief Financial Officer, Director Calgary, Canada	A member of the Finance management team of a large multi-national exploration services company based out of Calgary Alberta, a position he has held since November 2010.	June 17, 2015 to present	Nil	0 Options 0 Warrants
Aman Thindal <sup>(2)</sup> Director Vancouver, Canada	Chief Financial Officer and Director of a company currently listed on the TSX Venture Exchange, a position he has held since July 2015. Prior to this, he spent 4 years as a partner and CFO of a Greater Vancouver based private mid-tier real estate development company where he play an active role in land acquisitions, financial management, human resources and marketing of the company's projects.	June 17, 2015 to present	Nil	0 Options 0 Warrants

**Notes:**

- (1) The information as to principal occupation, business or employment and share ownership is not within the knowledge of the management of the Company and has been furnished by the respective nominees themselves.
- (2) Member of the Audit Committee.

The Company's management recommends that the shareholders vote in favour of the election of the proposed nominees as directors of the Company for the ensuing year. **Unless you give other instructions, the Management Proxyholders intend to vote FOR the nominees named in this Information Circular.**

**APPOINTMENT OF AUDITOR**

At the Meeting, Adam Sung Kim Ltd., Chartered Professional Accountants, located at Unit #114B (2<sup>nd</sup> Floor), 8988 Fraserton Court, Burnaby, British Columbia V5J 5H8, will be recommended by management and the Board of Directors for re-appointment as auditor of the Company at a remuneration to be fixed by the directors.

The Company's management recommends that the shareholders vote in favour of the appointment of Adam Sung Kim Ltd., Chartered Professional Accountants, as the Company's auditor for the ensuing year and grant the Board of Directors the authority to determine the remuneration to be paid to the auditor. **Unless you give instructions otherwise, the Management Proxyholders intend to vote FOR the appointment of Adam Sung Kim Ltd., Chartered Professional**

Accountants, to act as the Company’s auditor until the close of its next annual general meeting and also intend to vote FOR the proposed resolution to authorize the Board of Directors to fix the remuneration to be paid to the auditor.

## PART 4 – EXECUTIVE COMPENSATION

### General

For the purpose of this Statement of Executive Compensation:

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

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

Named Executive Officer (“**NEO**”) means each of the following individuals:

- a. a CEO;
- b. a CFO;
- c. each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000 as determined in accordance with applicable securities laws; and
- d. each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity at the end of the most recently completed financial year.

“**external management company**” includes a subsidiary, affiliate or associate of the external management company;

Based on the foregoing definition, during the last completed fiscal year ended **June 30, 2017**, the Company had **two (2)** NEO’s, namely, **Eugene Beukman**, CEO and President and **Damanjit Gahunia**, CFO.

### DIRECTOR AND NEO COMPENSATION

#### *Director and NEO compensation, excluding options and compensation securities*

The following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company or its subsidiary, to each NEO and director of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or a director of the Company for services provided and for services to be provided, directly or indirectly, to the Company or its subsidiary.

Table of compensation excluding compensation securities							
Name and position	Year Ended June 30	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Eugene Beukman <sup>(1)</sup> CEO, President, Director	2017	36,000	Nil	Nil	Nil	36,000 <sup>(2)</sup>	72,000
	2016	37,500	Nil	Nil	Nil	29,000 <sup>(2)</sup>	66,500
Damanjit Gahunia <sup>(3)</sup> CFO Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil



Table of compensation excluding compensation securities							
Name and position	Year Ended June 30	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Amandeep Thindal <sup>(4)</sup> Director	2017	60,000	Nil	Nil	Nil	Nil	60,000
	2016	80,000	Nil	Nil	Nil	Nil	80,000

Notes:

- (1) Eugene Beukman was appointed CEO and President effective June 13, 2015 and Director effective June 17, 2015.
- (2) This amount was paid to Pender Street Corporate Consulting Ltd. (“PSCC”), a private company wholly-owned by Eugene Beukman, pursuant to a Management Contract for management, accounting and administrative services provided to the Company (see “External Management Companies” below).
- (3) Damanjit Gahunia was appointed Chief Financial Officer on June 13, 2015 and Director effective June 17, 2015.
- (4) Aman Thindal was appointed Director effective June 17, 2015.

**External Management Companies**

PSCC is a private company wholly-owned by Eugene Beukman, President, CEO and a director of the Company.

Pursuant to an agreement dated for reference June 1, 2015, amended April 1, 2016, the Company entered into a management agreement (the “**Management Contract**”) with PSCC of Suite 810 – 789 West Pender Street, Vancouver, British Columbia, V6C 1H2, and provides management, accounting and administrative services to the Company in accordance with the terms of the Management Contract for a monthly fee of \$3,000 plus applicable taxes and reimbursement of all out-of-pocket expenses incurred on behalf of the Company. PSCC is also entitled to charge a 15% administration fee on all disbursements, and to charge interest of 2% on all disbursements not reimbursed within thirty (30) days. The Management Contract is for an initial term of twelve (12) months, to be automatically renewed for further twelve (12) month periods unless ninety (90) days’ notice of non-renewal has been given. The Management Contract can be terminated by either party on ninety (90) days’ written notice. It can also be terminated by the Company for cause without prior notice or upon the mutual consent in writing of both parties. If there is a take-over or change of control of the Company resulting in the termination of the Management Contract, the Company is to pay PSCC an amount equal to twelve (12) months of fees.

During the most recently completed financial year ended **June 30, 2017**, the Company paid or accrued \$36,000 in management and accounting fees.

**Stock Options and Other Compensation Securities**

The Company does not have a stock option plan or any other compensation securities in place.

**Exercise of Compensation Securities by Directors and NEOs**

The Company does not have a stock option plan or any other compensation securities in place.

**Stock Option Plans and Other Incentive Plans**

The Company does not have a stock option plan or other incentive plans in place.

**Employment, consulting and management agreements**

Except as disclosed above under “External Management Companies” above, the Company does not have any employment, consulting or management agreements or arrangements with any of the Company’s current NEOs or directors.

**Oversight and description of director and named executive officer compensation**

The primary goal of the Company’s executive compensation program is to attract and retain the key executives necessary for the Company’s long term success, to encourage executives to further the development of the Company and its operations, and to motivate top quality and experienced executives. The key elements of the executive compensation program are: (i)

base salary; (ii) potential annual incentive award; and (iii) incentive stock options. The directors are of the view that all elements of the total program should be considered, rather than any single element.

The Board of Directors is responsible for determining all forms of compensation, including long-term incentive in the form of stock options, to be granted to the CEO, or such person acting in capacity of CEO of the Company, the directors and management, and for reviewing the recommendations respecting compensation of the other officers of the Company, to ensure such arrangements reflect the responsibilities and risks associated with each position.

The Board of Directors periodically reviews the compensation paid to directors, officers, and management based on such factors as: i) recruiting and retaining executives critical to the success of the Company and the enhancement of shareholder value; ii) providing fair and competitive compensation; iii) balancing the interests of management and the Company's shareholders; and iv) rewarding performance, both on an individual basis and with respect to operations in general.

In general, the Company will provide a specific benefit or perquisite only when it provides competitive value and promotes retention of executives, or when the perquisite provides shareholder value, such as ensuring the health of executives. The limited perquisites the Company provides its executives may include a parking allowance or a fee for each board or Audit Committee meeting attended, to assist with their out-of-pocket costs, such benefits and perquisites as set out, respectively, in the "Table of compensation excluding compensation securities" above.

#### ***Pension disclosure***

The Company does not have any pension, defined benefit, defined contribution or deferred compensation plans in place.

## **PART 5 – AUDIT COMMITTEE**

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National Instrument 52-110 of the Canadian Securities Administrators ("**NI 52-110**") requires the Company, as a "Reporting Issuer", to disclose annually in its Information Circular certain information concerning the constitution of its audit committee ("**Audit Committee**") and its relationship with its independent auditor, as set forth in the following:

#### **THE AUDIT COMMITTEE'S CHARTER**

The Company has an Audit Committee Charter which is attached as Schedule "A" to this Information Circular.

#### **COMPOSITION OF THE AUDIT COMMITTEE**

Messrs. Beukman, Gahunia and Thindal are members of the Company's Audit Committee. At present, one of the Audit Committee members, Mr. Thindal is considered "independent" as that term is defined in applicable securities legislation. Mr. Beukman is not considered independent by virtue of his being the Chief Executive Officer of the Company and the Management Contract between the Company and PSCC, a private company of which Mr. Beukman is the sole shareholder. See Management Contracts for more information. Mr. Gahunia is not considered independent by virtue of his being the Chief Financial Officer of the Company.

All of the Audit Committee members are financially literate. A member is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that can reasonably be expected to be raised by the Company.

#### **RELEVANT EDUCATION AND EXPERIENCE**

Each member of the Company's Audit Committee has adequate education and experience have provided the member with:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that can reasonably be expected to be raised by the Company's financial statements or experience actively supervising individuals engaged in such activities; and
- (c) an understanding of internal controls and procedures for financial reporting.

The following describes the relevant education or experience of each Audit Committee member:

#### ***Eugene Beukman***

Mr. Beukman graduated from Rand University of Johannesburg, South Africa, with a Bachelor of Law degree and a Bachelor of Law Honours Postgraduate degree in 1987. From 1987 until December 1993, when he moved to Vancouver, British

Columbia, Mr. Beukman was employed as a legal advisor to the predecessor of BHP Billiton. He has over twenty (20) years experience in the acquisition of assets and joint ventures. Mr. Beukman is also an Admitted Advocate of the Supreme Court of South Africa. He also serves as an audit committee member for a number of other public companies.

#### **Damanjit Gahunia**

Mr. Gahunia is currently part of the Finance management team of a large multi-national exploration services company based out of Calgary Alberta, a position he has held since November 2010. Prior to holding this position, Mr. Gahunia has worked with multiple junior exploration and mining companies based out of Vancouver. Mr. Gahunia graduated from British Columbia Institute of Technology with a Bachelor of Technology Degree in Accounting and obtained his Certified General Accountant Designation in 2010.

#### **Aman Thindal**

Mr. Thindal is currently the Chief Financial Officer for a publically traded company. He has over 6 years of experience and knowledge as an independent investor and has provided consulting services to private companies. Previously, Mr. Thindal spent 4 years as a partner and CFO of a Greater Vancouver based private mid-tier real estate development company where he played an active role in land acquisitions, financial management, human resources and marketing of the company's projects. During his tenure Mr. Thindal helped the company secure over \$75,000,000 in both traditional mortgage and private equity financing. Mr. Thindal obtained his Chartered Accountant Designation in 2010 and he holds a Bachelor of Business Administration degree with joint concentration in Accounting and Finance from Simon Fraser University.

#### **AUDIT COMMITTEE OVERSIGHT**

At no time since the commencement of the Company's most recently completed financial year end was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the board of Directors.

#### **RELIANCE ON CERTAIN EXEMPTIONS**

At no time since the commencement of the Company's most recently completed financial year ended **June 30, 2017** has the Company relied on the exemption in Section 2.4 of National Instrument 52-110 - *Audit Committees (De Minimis Non-audit Services)*, or an exemption from National Instrument 52-110, in whole or in part, granted under Part 8 of National Instrument 52-110.

As the Company is a "Reporting Issuer" pursuant to relevant securities legislation, the Company is relying on the exemption in Section 6.1 of National Instrument 52-110 - *Audit Committees*, from the requirement of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of National Instrument 52-110.

#### **PRE-APPROVAL POLICIES AND PROCEDURES**

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Company's Audit Committee Charter attached as Schedule "A" to this Information Circular.

#### **EXTERNAL AUDITOR SERVICE FEES**

In the following table, "Audit Fees" are fees billed by the Company's external auditors for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related Fees" are fees not included in audit fees that are billed by the auditors for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. "Tax Fees" are billed by the auditors for professional services rendered for tax compliance, tax advice and tax planning. "All Other Fees" are fees billed by the auditors for products and services not included in the foregoing categories.

The fees paid by the Company to its auditors in each of the last two financial years, by category, are as follows:

	<i>Financial Year Ending June 30</i>	<i>Audit Fees<sup>(1)</sup></i>	<i>Audit-related Fees<sup>(2)</sup></i>	<i>Tax Fees<sup>(3)</sup></i>	<i>All Other Fees<sup>(4)</sup></i>
Adam Sung Kim Ltd. <sup>(5)</sup>	2017	\$6,000	\$Nil	\$800	\$Nil
	2016	\$6,000	\$Nil	\$800	\$Nil

#### **Notes:**

(1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.
- (5) Adam Sung Kim Ltd. was appointed as auditor effective September 30, 2016

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## PART 6 – CORPORATE GOVERNANCE

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### GENERAL

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. The Canadian Securities Administrators (the "CSA") have adopted National Policy 58-201 *Corporate Governance Guidelines*, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, the CSA have implemented National Instrument 58-101 *Disclosure of Corporate Governance Practices*, which prescribes certain disclosure by the Company of its corporate governance practices. This section sets out the Company's approach to corporate governance and addresses the Company's compliance with NI 58-101.

### COMPOSITION OF THE BOARD OF DIRECTORS

Directors are considered to be independent if they have neither a direct nor an indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Company's Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Board facilitates its independent supervision over management by having regular Board meetings and by establishing and implementing prudent corporate governance policies and procedures in accordance with NI 58-101.

The independent member of the Board is Aman Thindal. Mr. Beukman is not considered independent by reason of his office as Chief Executive Officer of the Company and by reason of the Management Contract between the Company and PSCC, a private company wholly-owned by Mr. Beukman. Mr. Gahunia is not considered independent by reason of his office as Chief Financial Officer of the Company. In determining whether a director is independent, the board chiefly considers whether the director has a relationship which could, or could be perceived to interfere with the director's ability to objectively assess the performance of management.

The board is responsible for approving long-term strategic plans and annual operating plans and budgets recommended by management. Board consideration and approval is also required for material contracts and business transactions, and all debt and equity financing transactions.

The board delegates to management responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company's business in the ordinary course, managing the Company's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans and annual operating plans.

## DIRECTORSHIPS

Certain of the board nominees are also directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:

Name of Director	Other reporting issuer (or equivalent in a foreign jurisdiction)
Eugene Beukman	Admiral Bay Resources Inc. Bard Ventures Ltd. Black Isle Resources Corporation BluKnight Aquafarms Inc. Cervantes Capital Corp. ICC International Cannabis Corp. International Cobalt Corp. Oriental Non-Ferrous Resources Development Inc. Osino Resources Corp. Reliq Health Technologies Inc. SLAM Exploration Ltd.
Damanjit Gahunia	N/A
Aman Thindal	Reliq Health Technologies Inc. Block One Capital

## ORIENTATION AND CONTINUING EDUCATION

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company's properties, business, technology and industry and on the responsibilities of directors.

While the Company does not have any formal orientation and training programs, new Board members are provided with:

- (a) information respecting the functioning of the Board and its committees and copies of the Company's corporate governance policies;
- (b) access to recent, publicly filed documents of the Company, technical reports and the Company's internal financial information;
- (c) access to management and technical experts and consultants; and
- (d) a summary of significant corporate and securities responsibilities.

Board members are encouraged to communicate with management, auditors and technical consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars. Board members have full access to the Company's records.

Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business.

## ETHICAL BUSINESS CONDUCT

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

## NOMINATION OF DIRECTORS

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience. The Board does not have a Nominating Committee, and these functions are currently performed by the Board as a whole. The nominees are generally the result of recruitment efforts by individual Board members.

## **COMPENSATION OF DIRECTORS AND CHIEF EXECUTIVE OFFICER**

The Board does not have a Compensation Committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the requirements of the Company, this policy will be reviewed.

The Board periodically reviews the compensation paid to directors, management, and employees based on such factors as time commitment and level of responsibility, comparative fees paid by other companies in the industry in North America and the Company's current position as a development company without operating revenue.

## **OTHER BOARD COMMITTEES**

The Board does not currently have a Corporate Governance Committee, and these functions are currently performed by the Board as a whole.

## **ASSESSMENTS**

The Board monitors but does not formally assess the performance of individual Board members or Committee members or their contributions.

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## **PART 7 – OTHER INFORMATION**

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### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The Company has no security based compensation arrangement in place at this time.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company, were indebted to the Company as of the end of the Company's most recently completed financial year or as at the date hereof.

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

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

An informed person is one who, generally speaking, is a director or executive officer or a 10% shareholder of the Company. To the knowledge of management of the Company, no informed person or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries during the Company's most recently completed financial year ended **June 30, 2017**, or has any interest in any material transaction in the current year other than as set out herein.

### **MANAGEMENT CONTRACTS**

Except as described below and as disclosed under Part 4 – Executive Compensation, the Company has no management agreements or arrangements under which the management functions of the Company are performed other than by the Company's directors and executive officers.

Pursuant to an agreement dated for reference June 1, 2015, amended April 1, 2016, the Company entered into a management agreement (the "**Management Contract**") with PSCC of Suite 810 – 789 West Pender Street, Vancouver, British Columbia, V6C 1H2, and provides management, accounting and administrative services to the Company in accordance with the terms of the Management Contract for a monthly fee of \$3,000 plus applicable taxes and reimbursement of all out-of-pocket expenses incurred on behalf of the Company. PSCC is also entitled to charge a 15% administration fee on all disbursements, and to charge interest of 2% on all disbursements not reimbursed within thirty (30) days. The Management Contract is for an initial term of twelve (12) months, to be automatically renewed for further twelve (12) month periods unless ninety (90) days' notice of non-renewal has been given. The Management Contract can be terminated by either party on ninety (90) days' written notice. It can also be terminated by the Company for cause without prior notice or upon the mutual consent in writing of both parties. If there is a take-over or change of control of the Company resulting in the termination of the Management Contract, the Company is to pay PSCC an amount equal to twelve (12) months of fees.

During the most recently completed financial year ended **June 30, 2017**, the Company paid or accrued \$36,000 in management, accounting and administrative fees.

PSCC is a private company owned by Eugene Beukman of British Columbia. Mr. Beukman is the President and Chief Executive Officer of the Company and a current director and proposed nominee for election as a director of the Company at the meeting for which this Information Circular relates. PSCC was not indebted to the Company during the Company's last completed financial year, and the Management Contract remains in effect as of the date of this Circular (see Part 3 – The Business of the Meeting – Election of Directors).

#### **PENALTIES AND SANCTIONS**

As at the date of this Information Circular no proposed nominee for election as a director of the Company (nor any of his or her personal holding companies) has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

#### **CORPORATE CEASE TRADE ORDERS AND BANKRUPTCIES**

As at the date of this Information Circular no proposed nominee for election as a director of the Company is, or has been, within 10 years before the date of this Information Circular:

1. a director, chief executive officer or chief financial officer of any company (including the Company and any personal holding company of the proposed director) that, while that person was acting in that capacity:
  - (a) was subject to a cease trade order (including any management cease trade order which applied to directors or executive officers of a company, whether or not the person is named in the order) or an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an “**Order**”); or
  - (b) 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; or
2. a director or executive officer of any company (including the Company) and any personal holding company of the proposed director) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

#### **PERSONAL BANKRUPTCY**

No proposed nominee for election as a director of the Company has, within the ten years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

#### **OTHER MATTERS**

The Company will consider and transact such other business as may properly come before the Meeting or any adjournment thereof. Management of the Company knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting the Shares represented by the Proxy solicited hereby will be voted on such matter in accordance with the best judgment of the persons voting by Proxy.

Matters which may properly come before the Meeting shall be any matter not effecting a change in the constating documents of the Company or disposing of all or substantially all of the assets of the Company.

#### **ADDITIONAL INFORMATION**

The audited financial statements of the Company for the year ended **June 30, 2017** and the report of the auditor thereon will be available for review by shareholders at the Meeting. A copy of the audited financial statements of the Company for the

year ended **June 30, 2017** and the report of the auditor thereon may be obtained by a shareholder free of charge from the Company upon request.

Information relating to the Company may be obtained by a shareholder upon request without charge from the Company at Suite 810 – 789 West Pender Street, Vancouver, British Columbia, V6C 1H2; telephone: (604) 687-2038. Information is also available on SEDAR, which can be accessed at [www.SEDAR.com](http://www.SEDAR.com).

**APPROVAL OF BOARD OF DIRECTORS**

The contents of this Circular and the sending of it to each director of the Company, to the auditor of the Company, to the Shareholders and to the appropriate regulatory agencies, have been approved by the directors of the Company.

DATED at the City of Vancouver, in the Province of British Columbia, this 1st day of October, 2018.

Per: “Eugene Beukman”  
Eugene Beukman  
President and Chief Executive Officer



## SCHEDULE "A"

### AUDIT CHARTER

#### **Statement of policy of the Company**

The purpose of the Company's audit committee (the "**Audit Committee**") is to assist the Board of Directors of the Company (herein the "**Board**") in discharging its responsibilities with respect to the accounting policies, internal controls and financial reporting of the Company. The Audit Committee is also responsible for monitoring compliance with applicable laws and regulations, standards of ethical business conduct and the systems of internal controls. The Audit Committee shall have the authority to retain special legal, accounting or other consultants to advise the Audit Committee. The Audit Committee may request any, director, officer or employee of the Company or the Company's outside counsel or independent auditor, to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

The guidelines of the TSX Venture Exchange Inc. and the Toronto Stock Exchange (collectively, the "**Exchange Guidelines**") suggest that the Board of every listed company should be constituted with a majority of individuals who qualify as "unrelated" directors. An "unrelated" director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the Company other than interest and relationships arising from shareholding. In addition, where a company has a significant shareholder, the Exchange Guidelines suggest that the Board should include a number of directors who do not have interests in either the Company or the significant shareholder. In assessing the Exchange Guidelines and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors.

#### **Mandate of the Board of Directors**

The mandate of the Board, as prescribed by the *Canada Business Corporations Act*, is to manage or supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company's affairs directly and through its committees.

#### **Meetings of the Board of Directors**

The Board meets to deal with matters as circumstances require. The Board transacts its business by circulating resolutions for signature by all directors.

#### **Mandate of the Audit Committee**

The primary function of the Audit Committee is to assist the Board in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. The Audit Committee's primary duties and responsibilities are to:

- (a) serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements;
- (b) review and assess management's overall process to identify principal risks that could affect the achievement of the Company's business plans and to monitor the process to manage such risks;
- (c) oversee and monitor the Company's compliance with legal and regulatory requirements;
- (d) be directly responsible for the appointment, compensation and oversight of the external auditors;
- (e) oversee audits of the Company's financial statements;
- (f) oversee and monitor the qualifications, independence and performance of the Company's external auditors and internal auditing department;
- (g) oversee and monitor the integrity of the Company's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;

- (h) provide an avenue of communication among the external auditors, management, the internal auditing department and the Board; and
- (i) report to the Board regularly.

The Audit Committee has the authority to conduct any review or investigation appropriate to fulfilling its responsibilities. The Audit Committee shall have unrestricted access to personnel and information and any resources necessary to carry out its responsibility. In this regard the Audit Committee may direct internal audit personnel to particular areas of examination.

### **Operation of the Audit Committee**

#### ***Reporting of the Audit Committee***

The Audit Committee shall report to the Board. The full Board shall be kept informed of the Audit Committee's activities by a report following each Audit Committee meeting.

#### ***Composition of the Audit Committee***

The Audit Committee shall consist of not less than three directors as determined by the Board of Directors, the majority of whom shall qualify as unrelated directors and who are free from any relationship that would interfere with the exercise of his or her independent judgment as a member of the Audit Committee.

All members of the Audit Committee shall have the financial literacy to be able to read and understand the Company's financial statements and to understand the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. At least one member shall have acquired, through: (i) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions; (ii) experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions; (iii) experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or (iv) other relevant experience:

- (a) an understanding of generally accepted accounting principles and financial statements;
- (b) the ability to assess the general application of such principles in connection with the accounting for estimates accruals and reserves;
- (c) experience in 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 Company's financial statements, or experience actively supervising one or more persons engaged in such activities;
- (d) an understanding of internal controls and procedures for financial reporting; and
- (e) an understanding of audit committee functions.

Audit Committee members shall not simultaneously serve on the audit committees of more than two other public companies, unless the Board first determines that such simultaneous service will not impair the ability of the relevant members to effectively serve on the Audit Committee, and required public disclosure is made.

At least one member of the Audit Committee shall have accounting or related financial management expertise. All members of the Audit Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purpose of the Company's Audit Committee Charter, as may be determined by the Board from time to time (herein the "***Audit Committee Charter***"), the definition of "*financially literate*" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

#### ***Appointment of Audit Committee members***

Members of the Audit Committee shall be appointed at a meeting of the Board typically held immediately after the Company's annual shareholders' meeting; provided that any member may be removed or replaced at any time by the Board and shall in any event cease to be a member of the Audit Committee upon ceasing to be a member of the Board.

### ***Vacancies***

Where a vacancy occurs at any time in the membership of the Audit Committee it may be filled by the Board. ***Chairperson***

The Company's Corporate Governance Committee will recommend an unrelated director as Chairperson of the Audit Committee to the Board for approval. The Board shall appoint the Chairperson of the Audit Committee.

If the Chairperson of the Audit Committee is not present at any meeting of the Audit Committee, one of the other members of the Audit Committee present at the meeting shall be chosen by the Audit Committee to preside as Chairperson.

The Chairperson presiding at any meeting shall not have a casting vote.

### ***Secretary***

The Audit Committee shall appoint a secretary who need not be a member of the Audit Committee or a director of the Company. The secretary shall keep minutes of the meetings of the Audit Committee.

### ***Compensation***

Audit Committee members may not, other than in their respective capacities as members of the Audit Committee, the Board or any other committee of the Board, accept any consulting, advisory or other compensatory fee from the Company or its affiliates. For greater certainty, director's fees are the only compensation an Audit Committee member may receive from the Company or its affiliates.

### ***Meetings of the Audit Committee***

The Audit Committee shall meet at least quarterly at the call of the Chairperson. The Chairperson of the Audit Committee may call additional meetings as required. In addition, a meeting may be called by any director or by the external auditors. As part of its job to foster open communication, the Audit Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

Audit Committee meetings may be held in person, by video-conference, by means of telephone or by any combination of any of the foregoing.

### ***Notice of meetings***

Notice of the time and place of every meeting may be given orally, in writing, by facsimile or by electronic communication to each member of the Audit Committee and to external auditors at least 48 hours prior to the time fixed for such meeting.

A member and the external auditors may, in any manner, waive notice of the meeting. Attendance of a member at the meeting shall constitute waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.

### ***Quorum***

A majority of Audit Committee members, present in person, by videoconference, by telephone or by a combination thereof, shall constitute a quorum.

### ***Attendance at meetings***

The Chief Executive Officer, the Chief Financial Officer, the controller and the head of internal audit of the Company are expected to be available to attend meetings of the Audit Committee, but a portion of every meeting will be reserved for in-camera discussion without members of management being present.

The Audit Committee should meet on a regular basis and without management present, with the lead of internal audit, the external auditors and management in separate executive sessions to discuss any matters that the Audit Committee or these groups believe should be discussed privately with the Audit Committee.

The Audit Committee may by specific invitation have other resource persons in attendance.

The Audit Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Audit Committee.

### **Minutes**

Minutes of Audit Committee meetings shall be sent to all Audit Committee members and to the external auditors.

### **Engaging outside resources**

The Audit Committee is empowered to engage outside resources, as it deems advisable, at the expense of the Company.

### **Major responsibilities and functions of the Audit Committee**

#### **Review procedures**

The Audit Committee shall review and update the Audit Committee's Charter at least annually and, at a minimum provide a summary of the Audit Committee's composition and responsibilities in the Company's annual report or other public disclosure documentation.

#### **Annual financial statements**

1. The Audit Committee shall discuss and review with management and the external auditors the Company's annual audited financial statements and related documents prior to their filing or distribution. Such a review is to include but not be limited the following:
  - (a) the annual financial statements and related footnotes, including significant issues regarding accounting policies and practices and significant management estimates and judgments, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any specific steps adopted in light of material control deficiencies;
  - (b) a review of the use of off-balance sheet financing, including management's risk assessment and adequacy of disclosure;
  - (c) a review of the external auditors' audit examination of the financial statements and their report thereon;
  - (d) a review of any significant changes required in the external auditors' audit plan;
  - (e) a review of any serious difficulties or disputes with management encountered during the course of the audit, including any restrictions on the scope of the external auditors' work or access to required information;
  - (f) a review of other matters related to the conduct of the audit which are to be communicated to the Audit Committee under generally accepted auditing standards;
  - (g) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditors; and
  - (h) other material written communications between the external auditors and management, such as any management letter or schedule of unadjusted differences.
2. Review and formally recommend approval to the Board of:
  - (a) the Company's year-end audited financial statements;
  - (b) the Company's management's discussion and analysis;
  - (c) the Company's annual information forms and
  - (d) all Company prospectuses and information circulars as to financial information.

The review shall include a report from the external auditors about the quality of the most critical accounting principles upon which the Company's financial status depends, and which involve the most complex, subjective or significant judgmental decisions or assessments.

### ***Quarterly financial statements***

3. The Audit Committee shall review with management and the external auditors and either approve (such approval to include the
  - (a) quarterly unaudited financial statements and related documents, including management's
  - (b) discussion and analysis; andany significant changes to the Company's accounting principles.
4. The Audit Committee shall review and discuss quarterly reports from the external auditors regarding:
  - (a) all critical accounting policies and practices to be used;
  - (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors; and
  - (c) other material written communications between the external auditors and management, such as any management letter or schedule or unadjusted differences.

### ***Internal control environment***

5. The Audit Committee shall ensure that management provides the Audit Committee with an annual report on the Company's control environment as it pertains to the Company's financial reporting process and controls.
6. The Audit Committee shall review and discuss significant financial risks or exposures and assess the steps management has taken to monitor, control, report and mitigate such risk to the Company.
7. The Audit Committee shall review the effectiveness of the overall process for identifying the principal risks affecting the achievement of business plans and provide the Audit Committee's view to the Board.
8. The Audit Committee shall review significant findings prepared by the external auditors and the internal auditing department together with management's responses.
9. The Audit Committee shall review, in consultation with the internal auditors and the external auditors, the degree of coordination in the audit plans of the internal auditors and the external auditors, and enquire as to the extent the planned scope can be relied upon to detect weaknesses in internal controls, fraud or other illegal acts.

### ***Other review items***

10. The Audit Committee shall review policies and procedures with respect to officers' and directors' expense accounts and prerequisites, including their use of corporate assets, and consider the result of any review of these areas by the internal auditor or the external auditors.
11. The Audit Committee shall review all insider transaction and related party transactions between the Company and any officers or directors.
12. The Audit Committee shall review with Company counsel, the head of internal audit and the external auditors the result of their review of the Company's monitoring compliance with each of the Company's published codes of business conduct and applicable legal requirements.
13. The Audit Committee shall review legal and regulatory matters, including correspondence with regulators and governmental agencies that may have material impact on the interim or annual financial statements, related Company compliance policies and programs and reports received from regulators or governmental agencies.
14. The Audit Committee shall review policies and practices with respect to off-balance sheet transactions and trading and hedging activities, and consider the results of any review of these areas by the internal auditors or the external auditors.
15. The Audit Committee shall review with the President, the Chief Executive Officer and the Chief Financial Officer of the Company and the external auditors: (i) all significant deficiencies identified and material weakness in the design or operation of the Company's internal controls and procedures for financial reporting which could adversely affect

the Company's ability to record, process, summarize and report financial information required to be disclosed by the Company in the reports that it files or submits with all regulatory bodies having jurisdiction over the affairs of the Company within the required time periods; and (ii) any fraud, whether or not material, that involves management of the Company or other employees who have significant role in the Company's internal controls and procedures for financial reporting.

### **External auditors**

16. The Audit Committee shall be directly responsible, in the Audit Committee's capacity as a committee of the Board and subject to the rights of shareholders and applicable law, for the appointment, compensation and oversight of the work of the external auditors (including resolution of disagreements between management and the external auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The external auditors shall report directly to the Audit Committee.
17. The Audit Committee shall meet on a regular basis with the external auditors (without management present) and have the external auditors available to attend Audit Committee meetings or portions thereof at the request of the Chair of the Audit Committee or by a majority of the members of the Audit Committee.
18. The Audit Committee shall review and discuss with the external auditors all significant relationships that the external auditors and their affiliates have with the Company and its affiliates in order to determine the external auditors' independence including, without limitation: (i) receiving and reviewing, as a part of the report described in the preceding paragraph, a formal written statement from the external auditors delineating all relationships that may reasonably be thought to bear on the independence of the external auditors with respect to the Company and its affiliates; (ii) discussing with the external auditors any disclosed relationships or services that the external auditors believe may affect the objectivity and independence of the external auditors; and (iii) recommending that the Board take appropriate action in response to the external auditors' report to satisfy itself of the external auditors' independence.
19. The Audit Committee shall review and evaluate:
  - (a) the external auditor's and the lead partner of the external auditors' team's performance, and make recommendation to the Board regarding the reappointment of the external auditors at the annual meeting of the Company's shareholders or regarding the discharge of such external auditors;
  - (b) the terms of engagement of the external auditors, together with their proposed fees;
  - (c) external audit plans and results;
  - (d) any other related audit engagement matters; and
  - (e) the engagement of the external auditors to perform non-audit services, together with the fees therefore, and the impact thereof, on the independence of the external auditors.
20. Upon reviewing and discussing the information provided to the Audit Committee in accordance with paragraphs 18 and 19 hereinabove, evaluating the external auditors' qualifications, performance and independence, and the provision of permitted non-audit services as compatible with maintaining auditor independence, taking into account the opinions of management and the head of internal audit. The Audit Committee shall present its conclusions with respect to the external auditors to the Board.
21. The Audit Committee shall ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner for reviewing the audit as required by law. Consider whether, in order to assure continuing external auditor independence, it is appropriate to adopt a policy of rotating the external auditing firm on a regular basis.
22. The Audit Committee shall recommend to the Board policies for the Company's hiring of employees or former employees of the external auditors who participate in any capacity in the audit of the Company.
23. The Audit Committee shall consider with management and the external auditors the rationale for employing audit firms other than the principal external auditors, including a review of management consulting services and related fees provided by the external auditors compared to those of other audit firms.

### **Internal audit department and legal compliance**

24. The Audit Committee shall meet with the internal auditors as required, but in any event at least quarterly.
25. The Audit Committee shall review and concur in the appointment, replacement, reassignment or dismissal of the lead of internal audit.
26. The Audit Committee shall confirm and assure, annually, the independence of the internal audit department.
27. The Audit Committee shall consider and review with management, the external auditors and the head of internal audit:
  - (a) significant findings during the year and management's responses and follow-up thereto;
  - (b) any difficulties encountered in the course of their audits, including any restriction on the scope of their work or access to required information;
  - (c) any changes required in the planned scope of their audit plan;
  - (d) the resources, budget, reporting relationships and planned activities of the internal auditors;
  - (e) the internal audit department charter; and
  - (f) internal audit's compliance with the IIA's Standards for the Professional Practice of Internal Auditing (Standards).

### **Approval of audit and non-audit services**

28. The Audit Committee shall review and, where appropriate, approve the provision of all permitted non-audit services (including the fees and terms thereof) in advance of the provisions of those services by the external auditors (subject to the *de minimus* exception for non-audit services prescribed in applicable legislation which are approved by the Audit Committee prior to the completion of the audit).
29. The Audit Committee shall review and, where appropriate and permitted, approve the provision of all audit services (including the fees and terms thereof) in advance of the provision of those services by the external auditors.
30. If the pre-approvals contemplated in paragraphs 28 and 29 hereinabove are not obtained, approve, where appropriate and permitted, the provisions of all audit and non-audit services promptly after the Audit Committee or a member of the Audit Committee to whom authority is delegated becomes aware of the provision of those services.
31. The Audit Committee shall delegate, if the Audit Committee deems necessary or desirable, to sub-committees consisting of one or more members of the Audit Committee, the authority to grant the pre-approvals and approvals described in paragraphs 28 through 30 hereinabove. The decision of any such sub-committee to grant pre approval shall be presented to the full Audit Committee at the next scheduled Audit Committee meeting.

### **Other matters**

32. The Audit Committee shall review and concur in the appointment, replacement, reassignment or dismissal of the Chief Financial Officer.
33. The Audit Committee shall review and approve hiring policies regarding partners, employees and former partners and employees of the present and former external auditor.
34. The Audit Committee shall report Audit Committee actions to the Board with such recommendations as the Audit Committee may deem appropriate.
35. The Audit Committee shall conduct or authorize investigations into any matters within the Audit Committee's scope of responsibilities.
36. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the external auditors for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee.
37. The Audit Committee shall review and reassess the adequacy of this Audit Committee Charter annually and recommend any proposed changes to the Board for approval.

38. The Audit Committee shall evaluate its performance annually.
39. The Audit Committee shall perform such other functions as required by law, the Company's Audit Charter, the Company's Articles or the Board.
40. The Audit Committee shall consider any other matters referred to it by the Board.
41. The Audit Committee shall establish procedures for: (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or audit matters; and (ii) the confidential submission by employees of the Company of concerns regarding questionable accounting controls or auditing matters.