



**KHOT INFRASTRUCTURE HOLDINGS, LTD.**

**Notice of Meeting**

**and**

**Information Circular**

**in respect of an**

**ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**to be held on Tuesday, September 19, 2017**

***INFORMATION CIRCULAR***

**Dated: August 15, 2017**

This document requires immediate attention. If you are in doubt as to how to deal with the documents or matters referred to in this Information Circular, you should immediately contact your advisor.

## KHOT INFRASTRUCTURE HOLDINGS, LTD.

### NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that an annual general and special meeting (the “**Meeting**”) of the holders of common shares of **Khot Infrastructure Holdings, Ltd.** (the “**Company**”) will be held on **Tuesday, September 19, 2017**, at the hour of **11:30 a.m.** (Eastern time), at the offices of Firebird Management LLC located at 152 West 57th Street, 24th Floor, New York, New York, USA for the following purposes:

1. To receive the audited consolidated financial statements of the Company for the year ended December 31, 2016, and the report of the auditors thereon;
2. To set the maximum number of directors at seven (7) and to elect directors of the Company for the ensuing year;
3. To appoint DMCL LLP as auditors for the Company for the ensuing financial year and to authorize the directors to fix their remuneration;
4. To consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution authorizing the adoption by the Company of a new stock option plan, including the reservation for issuance under the new stock option plan at any time of a maximum of 10% of the issued and outstanding shares of the Company;
5. To consider, and if deemed advisable, to adopt, with or without variation, an ordinary resolution (the “**Change of Business Resolution**”), the full text of which is more particularly described in the accompanying management information circular, approving a change in the Company’s business from transportation infrastructure engaged in the construction of highways and regional roads in Mongolia to that of investments in cryptocurrency, with an initial focus on Ether and EOS;

AND in the event that the Change of Business Resolution IS adopted:

6. To consider, and if deemed advisable, to pass a special resolution approving the Company’s sale of its Mongolian subsidiary, Ashid Munkhiin Zam LLC, as more fully set forth in the accompanying management information circular;
7. To consider and, if thought appropriate, to pass, with or without variation, a special resolution approving an amendment to the articles of the Company to consolidate the outstanding common shares of the Company on a one (1) new common share for every ten (10) outstanding common shares basis, with the directors authorized to determine the final consolidation basis within such range;
8. To consider, and if deemed advisable, to pass a special resolution to amend the Company’s articles of incorporation to change the name of the Company to “Blockchain Holdings Ltd.” or such other name that is acceptable to the board of directors of the Company, as more particularly described in the accompanying management information circular; and
9. To transact such 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 supplemental to, and expressly made a part of, this Notice of Annual General and Special Meeting.

The Company’s board of directors has fixed **August 15, 2017**, as the **record date** for the determination of shareholders entitled to notice of and to vote at the Meeting and at any adjournment or postponement thereof. Each registered shareholder at the close of business on that date is entitled to such notice and to vote at the Meeting in the circumstances set out in the accompanying Information Circular.

If you are a registered shareholder of the Company and unable to attend the Meeting in person, please complete, date and sign the accompanying form of proxy and deposit it with the Company’s transfer agent, Computershare Investor Services Inc. (the “**Transfer Agent**”), at their offices located on the 9th Floor, 100 University Avenue, Toronto ON M5J 2Y1, or by toll-free fax within North America at 1-866-249-7775 by **11:30 AM (Eastern time)** on **September**

**15, 2017**, 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 thereof.

If you are a non-registered shareholder of the Company and received this Notice of Annual General and Special Meeting and accompanying materials through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing or any other person that holds your security on your behalf (the “**Intermediary**”), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

**DATED** at Vancouver, British Columbia, this 15<sup>th</sup> day of August, 2017

**BY ORDER OF THE BOARD OF DIRECTORS**

Yours truly,

(signed) *Donald Padgett*

Donald Padgett  
President and CEO

## **KHOT INFRASTRUCTURE HOLDINGS, LTD.**

### **INFORMATION CIRCULAR**

For the Annual General and Special Meeting of Shareholders to be held on **September 19, 2017**  
(containing information as at **August 15, 2017** unless otherwise indicated)

### **SOLICITATION OF PROXIES**

This Information Circular (the "**Circular**") is furnished in connection with the solicitation of proxies by the management (the "**Management**") of Khot Infrastructure Holdings, Ltd. (the "**Company**"), for use at the annual general and special meeting (the "**Meeting**") of the shareholders (the "**Shareholders**") of the Company to be held on **Tuesday, September 19, 2017** at the time and location and for the purposes set forth in the accompanying notice of meeting (the "**Notice**") and at any adjournment thereof.

### **PERSONS MAKING THE SOLICITATION**

**The enclosed form of proxy is solicited by Management.** Solicitations will be made by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company. The Company may reimburse shareholders' nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining authorization from their principals to execute the proxy. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company. None of the directors of the Company have advised that they intend to oppose any action intended to be taken by Management as set forth in this Circular.

### **APPOINTMENT AND REVOCATION OF PROXIES**

The persons named as proxy nominees (the "**Designated Persons**") in the enclosed instrument of proxy (the "**Proxy**") are directors and/or officers of the Company, or persons designated by them.

**A Shareholder has the right to appoint a person or corporation (who need not be a Shareholder) to attend and represent the Shareholder at the Meeting other than the Designated Persons. To exercise this right, a Shareholder shall strike out the printed names of the Designated Persons in the Proxy and insert the name of its proxy nominee in the blank space provided in the Proxy, or complete another valid instrument of proxy.** Such Shareholder should notify its proxy nominee of the appointment, obtain the proxy nominee's consent to act as proxy nominee and provide instructions to its proxy nominee on how the Shareholder's common shares should be voted. The proxy nominee should bring personal identification to the Meeting.

### **EXECUTION AND DELIVERY OF PROXY**

An instrument of proxy will not be valid unless signed and dated by the Shareholder giving it or that Shareholder's attorney-in-fact duly authorized in writing, or, in the case of a corporation, signed and dated by an officer or attorney-in-fact duly authorized in writing for the corporate Shareholder. If an instrument of proxy is executed by an attorney-in-fact, or by an officer or attorney-in-fact for a corporate Shareholder, the instrument so empowering the attorney-in-fact or officer, as the case may be, or a notarially certified copy thereof, should accompany the instrument of proxy.

An instrument of proxy will not be valid unless deposited with the Company's registrar and transfer agent, Computershare Investor Services Inc. (the "**Transfer Agent**"), at its offices located on the 9th Floor, 100 University Avenue, Toronto, ON M5J 2Y1, or by toll-free fax within North America to 1-866-249-7775, at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) prior to the scheduled time of the Meeting, or any adjournment or postponement thereof.

## VOTING OF PROXY

If instructions as to voting indicated in a Proxy are certain, the common shares represented by a Proxy will be voted or withheld from voting by the Designated Persons in accordance with the instructions of the Shareholder on any ballot that may be called for, and if the Shareholder specifies a choice with respect to any matter to be acted upon, the securities will be voted accordingly. **In the absence of certain instructions in a Proxy or other instrument of proxy, it is intended that the common shares represented thereby will be voted in favour of the motions proposed to be made at the Meeting as stated in the Notice and in this Circular.**

The Proxy, when properly signed and delivered, confers discretionary authority upon the proxy nominee with respect to any amendments or variations to the matters identified in the Notice or in this Circular or any other matters which may properly come before the Meeting. At the date of this Circular, Management is not aware of any such amendments, variations or other matters. If, however, any amendments, variations or other matters should properly come before the Meeting, such discretionary authority conferred by a Proxy will be exercised in accordance with the best judgment of the Designated Persons on such matters.

In the case of abstentions from, or withholding of, the voting of common shares on any matter, the common shares that are the subject of the abstention or withholding will be counted for determination of a quorum, but will not be counted as affirmative or negative on the matter to be voted upon.

## REVOCATION OF PROXY

A Shareholder who has given an instrument of proxy may revoke it at any time before it is exercised. The revocation of an instrument of proxy does not affect any matter on which a vote has been taken prior to such revocation.

In addition to revocation in any other manner permitted by law, an instrument of proxy may be revoked by an instrument in writing (i) signed by the Shareholder or that Shareholder's attorney-in-fact duly authorized in writing, or, in the case of a corporation, signed by an officer or attorney-in-fact duly authorized in writing for the corporate Shareholder; and (ii) delivered either to the Transfer Agent at the address/fax number set forth above at any time up to and including the last business day preceding the day of the Meeting or any adjournment or postponement thereof, or to the Chair of the Meeting on the day of the Meeting and prior to the commencement thereof or, in the case of any adjournment or postponement, prior to the reconvening thereof.

An instrument of proxy will also automatically be revoked by either (i) attendance at the Meeting and participation in a poll (ballot) by the Shareholder, or (ii) submission of a subsequent proxy in accordance with the foregoing procedures.

## ADVICE TO BENEFICIAL SHAREHOLDERS

**The information set forth in this section is of significant importance to many Shareholders as a substantial number of Shareholders do not hold common shares in their own name.** Shareholders who do not hold their common shares in their own name (referred to herein as a "**Beneficial Shareholder**") should note that only proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of common shares (a "**Registered Shareholder**") can be recognized and acted upon at the Meeting.

**If common shares are listed in an account statement provided to a Shareholder by a broker or another intermediary then in almost all cases those common shares will not be registered in the name of the Shareholder on the records of the Company, but in the name of that broker or intermediary or an agent of the broker or intermediary.** In Canada, the vast majority of such common shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms and banks) and in the United States, under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many United States brokerage firms and banks).

**Beneficial Shareholders should ensure that instructions respecting the voting of their common shares are communicated to the appropriate person well in advance of the Meeting.** Applicable regulatory policies require intermediaries and brokers to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Every intermediary and broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker or intermediary or an agent of that broker or intermediary is often similar to the Proxy provided to Registered Shareholders by the Company. Its purpose, however, is limited to instructing the Registered Shareholder (the broker or intermediary or an agent of that broker or intermediary) on how to vote on behalf of the Beneficial Shareholder.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically applies a special sticker to proxy forms, mails those forms to the Beneficial Shareholders, and asks those Beneficial Shareholders to return the forms to Broadridge or follow specific telephone or other voting procedures. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of the common shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Broadridge proxy form cannot use that proxy form to vote common shares directly at the Meeting. The proxy form must be returned to Broadridge or the alternative voting procedures must be completed well in advance of the Meeting in order to ensure such common shares are voted at the Meeting.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his broker or intermediary (or agent of that broker or intermediary), a Beneficial Shareholder may attend at the Meeting as proxy holder for the Registered Shareholder and vote their common shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their common shares as proxy holder for the Registered Shareholder should contact their broker, intermediary or other agent or nominee holder well in advance of the Meeting for instructions.

These security holder materials are being sent to both registered and non-registered owners of the common shares 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. In this event, 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 the request for voting instructions.

**All references to Shareholders in this Circular and the Proxy are to Registered Shareholders unless specifically stated otherwise.**

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

No person who has been a director or an officer of the Company at any time since the beginning of its last completed financial year or any proposed nominee for election as a director, or any associate of any such director or officer, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors and the appointment of auditors, except as generally disclosed in this Circular or otherwise particularly described in the disclosure for a matter to be acted upon.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The Company has determined **August 15, 2017** as the record date (the "**Record Date**") for purposes of determining the persons entitled to notice of and to vote at the Meeting. The authorized share capital of the Company consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. As at the close of business on the Record Date, there were **65,302,351** common shares issued and outstanding and nil preferred shares issued and outstanding.

Each common share carries, on any poll at the Meeting, one vote. Only registered holders of common shares as at the close of business on the Record Date will be entitled to receive notice of and to vote their common shares as shown on the register of the Company as at the close of business on the Record Date, at the Meeting. See also "Advice to Beneficial Shareholders", above.

To the knowledge of the Company's directors and executive officers, no person or company beneficially owns or exercises control or direction over, directly or indirectly, common shares carrying 10% or more of the voting rights attached to the outstanding common shares of the Company on the Record Date, other than as set forth below:

Name <sup>(1)</sup>	Approximate no. of common shares owned, controlled or directed	Percentage of Issued and Outstanding Shares <sup>(2)</sup>
James Passin	32,169,605 <sup>(3)</sup>	49.26%
SMDD Capital Ltd.	9,788,067	14.99%

(1) The majority of the common shares are held by the CDS & Co., an intermediary, and as such management is unaware of the beneficial holders thereof. The above information is based upon information supplied by the Company's registrar and transfer agent and the Company's management.

(2) Based on 65,302,351 common shares outstanding on the Record Date.

(3) Disclosed holding is controlled by James Passin, a director of the Company, who has direct control of 1,000,000 common shares and indirect control and direction of (i) 126,250 common shares held by Passin Management Limited Partnership, (ii) 15,187,580 common Shares held by Firebird Mongolia Fund, Ltd. ("Firebird Mongolia"), (iii) 530,747 common shares held by Firebird Global Master Fund Holdings, Ltd. ("FGMF"), (iv) 461,392 common shares held by Firebird Global Master Fund II Holdings, Ltd. ("FGMF2") and (v) 14,863,636 common shares held by Firebird New Mongolia Fund, LP ("Firebird New Mongolia").

## STATEMENT OF EXECUTIVE COMPENSATION

Unless otherwise noted the following information is for the Company's last completed financial year ended December 31, 2016.

For the purpose of this Circular:

"compensation securities" includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the Company or one of its subsidiaries (if any) for services provided or to be provided, directly or indirectly to the Company or any of its subsidiaries (if any);

A Named Executive Officer ("NEO") of the Company means each of the following individuals:

- (a) a chief executive officer ("CEO") of the Company;
- (b) a chief financial officer ("CFO") of the Company; and
- (c) each of the Company's three most highly compensated executive officers, or individuals acting in a similar capacity, other than the CEO and CFO, at the end of, or during, the most recently completed financial year if their individual total compensation was more than \$150,000 for that financial year, including individuals who would be an NEO under this paragraph but for the fact that he or she was not acting in such capacity at the end of the financial year.

As of the fiscal year ended December 31, 2016, the Company had two NEO's, namely (i) Mr. Donald Padgett who serves as President and CEO; and (ii) Mr. Sabino Di Paola who served as CFO of the Company. Subsequent to the end of the most recently completed financial year, Mr. Di Paola resigned as CFO on February 28, 2017 and Mr. Alan Tam was appointed as CFO of the Company on August 2, 2017.

All dollar amounts referenced herein are Canadian Dollars unless otherwise specified.

## **Compensation Discussion and Analysis**

### ***Philosophy and Objectives***

The compensation program for the senior management of the Company is designed to ensure that the level and form of compensation achieves certain objectives, including:

- to attract and retain highly qualified management;

- to align executive compensation with shareholders' interests;
- to focus performance by linking incentive compensation to the achievement of business objectives and financial results; and
- to encourage retention of key executives for leadership succession.

The Company's executive compensation program comprises three elements: base salary, bonus incentives and equity participation. The compensation program is designed to pay for performance. Employees, including senior executives, are rewarded for the achievement of annual operating and financial goals, progress in executing the Company's long-term growth strategy and delivering strong total shareholder return performance.

The Company reviews industry compensation information and compares its level of overall compensation with those of comparable sized infrastructure development and construction companies. Generally, the Company targets base management fees at levels approximating those holding similar positions in comparably sized companies in the industry and hopes to achieve competitive compensation levels through the fixed and variable components.

The Company's total compensation mix places a significant portion of the executive's compensation at risk and relies heavily on the award of stock options. The design takes into account individual and corporate performance. Compensation practices, including the mix of base management fees, short-term incentives and long-term incentives, are regularly assessed to ensure they are competitive, take account of the external market trends and support the Company's long-term growth strategies. Due to the early stage of the Company's development programs, the flexibility to quickly increase or decrease appropriate human resources is critical. Accordingly, the Company does not enter into long-term commitments with its officers.

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

#### *Role of the Compensation Committee*

The Compensation Committee was established on July 9, 2012 by the Board to assist in fulfilling the Board's responsibilities relating to compensation issues and to establish a plan of continuity for executive officers. The Compensation Committee ensures that the Company has an executive compensation plan that is both motivational and competitive so that it will attract, hold and inspire performance by executive officers of a quality and nature that will enhance the sustainable profitability and growth of the Company. The Compensation Committee reviews and recommends the compensation philosophy and guidelines for the Company which include reviewing compensation for executive officers for recommendation to the Board.

The Compensation Committee reviews, on an annual basis, the cash compensation, performance and overall compensation package for each executive officer. It then submits its recommendations to the Board with respect to the basic salary, bonus and participation in share compensation arrangements for each executive officer.

In making its recommendations in fiscal 2016, the Compensation Committee was satisfied that all recommendations complied with the Compensation Committee's philosophy and guidelines.

#### *Composition of the Compensation Committee*

As of December 31, 2016, the Compensation Committee was comprised of three of the Company's five Directors: James Passin, Donald Padgett, and Erin Chutter. After the Meeting, the Board will be appointing new members to the Compensation Committee. In making these appointments, the Board will consider those individuals who are well-qualified to serve on the Compensation Committee given the expertise they have accrued in their business careers.

### **Director and NEO Compensation, Excluding Compensation Securities**

The following table sets forth all annual and long-term compensation for services paid to or earned by the NEOs and the directors for the two fiscal years ended December 31, 2016 and 2015.



Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees <sup>1)</sup> (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Donald Padgett <sup>(1)</sup> CEO, Director	2016	60,000	Nil	Nil	Nil	Nil	60,000
	2015	58,178	Nil	Nil	Nil	Nil	58,178
Sabino Di Paola <sup>(2)</sup> Former CFO	2016	27,185	Nil	Nil	Nil	Nil	27,185
	2015	43,340	Nil	Nil	Nil	Nil	43,340
Erin Chutter <sup>(3)</sup> Former COO, Director	2016	36,181	Nil	Nil	Nil	Nil	36,181
	2015	23,969	Nil	Nil	Nil	Nil	23,969
James Passin <sup>(4)</sup> Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
Orgilmaa Siizkhuu <sup>(5)</sup> Former Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
Kenneth Farrell <sup>(6)</sup> Former Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
Anthony Milewski <sup>(7)</sup> Former Director	2016	N/A	N/A	N/A	N/A	N/A	N/A
	2015	Nil	Nil	Nil	Nil	Nil	Nil
Larry Van Hatten <sup>(8)</sup> Former Director	2016	N/A	N/A	N/A	N/A	N/A	N/A
	2015	Nil	Nil	Nil	Nil	Nil	Nil

(1) Mr. Padgett was appointed as CEO and director on November 14, 2011. As at December 31, 2016, \$54,559 (\$Nil – 2015) payables were due to Mr. Padgett. Mr. Padgett is being paid in US\$.

(2) Mr. Di Paola was appointed as CFO on November 14, 2011. As at December 31, 2016, accounts payable of \$12,788 (\$Nil – 2015) were due to Mr. Di Paola. Mr. Di Paola resigned as CFO on February 28, 2017. Mr. Alan Tam was appointed CFO of the Company subsequent to the end of the most recently completed financial year, on August 2, 2017.

(3) Ms. Chutter was appointed as COO on May 2, 2016 and as a director on April 5, 2015. As at December 31, 2016, \$26,813 (\$Nil – 2015) payable were due to Ms. Chutter.

(4) Mr. Passin was appointed as a director on November 14, 2011.

(5) Ms. Siizkhuu was appointed as a director on November 14, 2011.

(6) Mr. Farrell was appointed as a director on March 20, 2012.

(7) Mr. Milewski was appointed as a director on January 1, 2014 and resigned as a director on December 11, 2015.

(8) Mr. Van Hatten was appointed as a director on November 14, 2011 and resigned as a director on April 4, 2015.

## Stock Options and Other Compensation Securities

The following table discloses all compensation securities granted or issued to each NEO and director by the Company in the financial year ended December 31, 2016 for services provided or to be provided, directly or indirectly, to the Company:

Compensation Securities							
Name and Position	Type of compensation security	Number of compensation securities, number of underlying securities, & percentage of class <sup>(1)</sup>	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Donald Padgett <sup>(2)</sup> CEO, Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Sabino Di Paola <sup>(3)</sup> Former CFO	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Erin Chutter <sup>(4)</sup> Former COO, Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
James Passin <sup>(5)</sup> Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Orgilmaa Siizkhuu <sup>(6)</sup> Former Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Kenneth Farrell <sup>(7)</sup> Former Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Anthony Milewski <sup>(8)</sup> Former Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Larry Van Hatten <sup>(9)</sup> Former Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A

(1) All stock options are fully vested. One common share is issuable on the exercise of each stock option.

(2) On December 31, 2016, Mr. Padgett held stock options exercisable as follows: 250,000 exercisable at \$0.25 until January 8, 2019 and 50,000 exercisable at \$0.20 until December 3, 2020.

(3) On December 31, 2016, Mr. Di Paola held 150,000 stock options exercisable at \$0.25 until January 8, 2019.

(4) On December 31, 2016, Ms. Chutter held 300,000 stock options exercisable at \$0.20. until December 3, 2020.

(5) On December 31, 2016, Mr. Passin held 250,000 stock options exercisable at \$0.25 until January 8, 2019.

(6) On December 31, 2016, Ms. Siizkhuu held no stock options.

(7) On December 31, 2016, Mr. Farrell held 350,000 stock options exercisable at \$0.25 until January 8, 2019.

(8) On December 31, 2016, Mr. Milewski held no stock options.

(9) On December 31, 2016, Mr. Van Hatten held no stock options.

### Exercise of Compensation Securities by Directors and NEOs

No director or NEO exercised any compensation securities, being solely comprised of stock options, during the year ended December 31, 2016.

### Stock Option Plan and Other Incentive Plans

The significant terms of the Company's Stock Option Plan (the "Plan") are set out below under the heading "Particulars of Matters to be Acted Upon – Approval and Ratification of Stock Option Plan", and a copy of the Plan is attached as Schedule "A" to the Circular.

As at the end of the most recently completed fiscal year ended December 31, 2016, there were 2,875,000 options outstanding. Based on the Company having an outstanding share capital of 65,302,351 shares outstanding, an additional 3,655,235 options could be granted under the Plan.

The Company has no other plan providing for the grant of stock appreciation rights, deferred share units or restricted stock units or any other incentive plan or portion of a plan under which awards are granted.

## Employment, Consulting and Management Agreements

During the most recently completed financial year, the significant terms of the employment agreement or arrangement for each NEO is as follows:

- Mr. Padgett has a consulting contract with the Company that provides for monthly compensation of USD\$4,000 a month for management fees as well as a salary of CAD \$1,000 a month for performing services as the CEO. On September 30, 2015, Mr. Padgett's monthly salary was terminated and his consulting fees were increased to US\$5,000 per month.
- Mr. Di Paola has a consulting contract to which he bills the Company at a rate of CAD\$110 per hour when performing management functions and a monthly salary of CAD\$1,000 for services performed as the CFO of the Company. On September 30, 2015, Mr. Di Paola's monthly salary was terminated.
- Ms. Chutter did not have any compensation arrangement with the Company. She was paid CAD\$4,000 on a month by month basis for consulting services. Ms. Chutter will not be seeking re-election as a director at the Meeting.
- Mr. Passin did not have any compensation arrangement with the Company.
- Ms. Siizkhuu did not have any compensation arrangement with the Company.
- Mr. Farrell did not have any compensation arrangement with the Company.
- Mr. Milewski did not have any compensation arrangement with the Company.
- Mr. Van Hatten did not have any compensation arrangement with the Company.

## Pension Plan Benefits

The Company has no pension, defined benefit or defined contribution plans in place.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company has no compensation plans under which equity securities are authorized for issuance as at the end of the most recently completed financial year other than the Plan.

The following table sets forth information with respect to the Plan as at the end of the most recently completed financial year.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans [excluding securities reflected in column (a)]
Equity compensation plans approved by security holders <sup>(1)</sup>	2,875,000	\$0.18	3,655,235
Equity compensation plans not approved by security holders	0	N/A	N/A
Total	2,875,000	\$0.18	3,655,235

- (1) Refers to the "rolling" Stock Option Plan of the Company, which was adopted on May 29, 2012, and pursuant to which directors, officers, employees and consultants may be granted options to acquire common shares as an incentive mechanism to foster their interest in the success of the Company and to encourage their proprietary ownership of the Company.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Except as disclosed below, none of the individuals who are, or at any time during the most recently completed year were, directors or executive officers of the Company or any subsidiary thereof, the proposed nominees for election as a director, or associates of such persons, is or has been indebted to the Company (other than routine indebtedness) at any time since the beginning of the most recently completed financial year, or is a person whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or a subsidiary thereof.

As at December 31, 2016, \$28,675 (\$Nil – 2015) was owed to James Passin, one of the directors of the Company, for monies advanced by him to the Company. As at the Record Date, an aggregate of \$139,177.08 was owed to James Passin for loans advanced to the Company subsequent to December 31, 2016. In addition, \$50,000 is owed by the Company to Andrew Clover, a proposed director nominee, as at the Record Date.

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

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

No informed person or proposed director of the Company, nor any associate or affiliate of any such informed person or proposed director, has any material interest, direct or indirect, in any material transaction since the commencement of the Company's last completed financial year or in any proposed transaction which, in either case, has materially affected or will materially affect the Company or any subsidiary thereof, except as generally disclosed in this Circular or otherwise under the heading for the matter to be acted upon.

### **MANAGEMENT CONTRACTS**

The management functions of the Company and any subsidiary thereof are not, to any substantial degree, performed by any person other than the directors and executive officers of the Company or any subsidiary thereof.

### **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

National Instrument 52-110 Audit Committees of the Canadian Securities Administrators ("**NI 52-110**") requires the Company, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following.

#### **The Audit Committee Charter**

1. **Members.** The Board of Directors will appoint an Audit Committee of at least three (3) members, all of whom should be "independent" directors of the Board. "Independent" means a director who meets the definition of "independence" under National Instrument 52-110 or any successor policy promulgated by securities regulatory authorities.

All members of the Audit Committee should be "financially literate". An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. Each appointed member of the Audit Committee shall be subject to annual reconfirmation and may be removed by the Board of Directors at any time.

2. **Purposes, Duties, and Responsibilities.** The Audit Committee represents the Board of Directors in discharging its responsibility relating to the accounting, reporting and financial practices of the Company and its subsidiaries, and has general responsibility for oversight of internal controls, accounting and audit activities and legal compliance of the Company and its subsidiaries; however, the Audit Committee's function shall not relieve the Company's management of its responsibilities for preparing financial statements which accurately and fairly present the Company's financial results and conditions or the responsibilities of the independent accountants relating to the audit or review of financial statements. Specifically, the Audit Committee will:

- (a) Recommend to the Board the appointment (including terms of appointment such as compensation and scope of duties) and discharge the external auditor of the Company (the "auditor") who perform the annual audit or other audit, review or attest services in accordance with applicable securities laws, which auditor shall be ultimately accountable to the Board of Directors through the Audit Committee. The auditor of the Company must report directly to the Audit Committee;
- (b) Have the authority to communicate directly with the auditor of the Company;

- (c) Review with the auditor the scope of the audit and the results of the annual audit examination by the auditor and any reports of the auditor with respect to reviews of interim financial statements or other audit, review or attest services. The Audit Committee will be responsible for resolving any disagreements between management and the auditor regarding financial reporting;
- (d) Review information, including written statements, if any, from the auditor concerning any relationships between the auditor and the Company or any other relationships that may adversely affect the independence of the auditor and assess the independence of the auditor;
- (e) Review and discuss with management and the auditor the Company's annual audited financial statements prior to their public disclosure, including a discussion with the auditors of their judgments as to the quality of the Company's accounting principles;
- (f) Review the Company's financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information;
- (g) Review the services to be provided by the auditor to assure that the auditor does not undertake any engagement for services for the Company that would constitute prohibited services under applicable securities laws under the rules of any stock exchange or trading market on which the Company's shares are listed for trading, or could be viewed as compromising the auditor's independence. The Audit Committee must pre-approve all non-audit services to be provided to the Company or its subsidiaries by the auditor;
- (h) Review with management and the auditor the results of any significant matters identified as a result of the auditor's interim review procedures prior to the filing of each quarterly financial statements or as soon thereafter as possible;
- (i) Review the annual program for the Company's internal audits, if any, and review audit reports submitted by the internal auditing staff, if any;
- (j) Periodically review the adequacy of the Company's internal controls;
- (k) Review changes in the accounting policies of the Company and accounting and financial reporting proposals that are provided by the auditor that may have a significant impact on the Company's financial reports, and make comments on the foregoing to the Board of Directors;
- (l) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer;
- (m) Periodically review the adequacy of this Audit Committee Charter;
- (n) Make reports and recommendations to the Board of Directors within the scope of its functions;
- (o) Approve material contracts where the Board of Directors determines that it has a conflict;
- (p) Establish procedures for receipt, retention and treatment of complaints received by the Company regarding auditing, internal accounting controls or accounting matters and establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (q) Where considered necessary by the Audit Committee to carry out its duties, have the authority to engage independent counsel and/or other advisors at the Company's expense upon the terms and conditions, including compensation, determined by the Audit Committee;
- (r) Satisfy itself that management has put into place procedures that facilitate compliance with the disclosure and financial reporting controls provisions of applicable securities laws, including adequate procedures for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements. The Audit Committee will assess the adequacy of these procedures annually;
- (s) Review all loans to officers;
- (t) Review and monitor all related party transactions which may be entered into by the Company as required by rules of the stock exchange or trading market upon which the Company's shares are listed for trading; and
- (u) Ensure all public disclosure regarding the audit committee is made in compliance with applicable stock exchange rules and securities legislation.

3. **Meetings.** The Audit Committee will, when expedient, meet to review the Company's quarterly and annual financial statements and MD&A, and will hold special meetings as it deems necessary or appropriate in its judgment.

The Audit Committee will endeavour to meet at any time that the auditor believes that communication to the Audit Committee is required. As it deems appropriate, but not less than once each year, the Audit Committee will meet in private session with the independent accountants. The majority of the members of the Audit Committee constitute a quorum and shall be empowered to act on behalf of the Audit Committee. The members of the Audit Committee will designate one member as chair. Meetings may be held in person or by telephone, and shall be at such times and places as the Audit Committee determines.

## Composition of the Audit Committee

As at December 31, 2016, the following were members of the Company's Audit Committee:

Name	Independent <sup>(1)</sup>	Financially Literate <sup>(1)</sup>
James Passin	no	yes
Donald Padgett	no	yes
Kenneth Farrell	yes	yes
Erin Chutter	yes	yes

(1) As defined and determined under NI 52-110.

After the Meeting, the Board will be appointing new members to the Audit Committee. In making these appointments, the Board will consider those individuals who are well-qualified to serve on the Audit Committee, given the expertise they have accrued in their business careers, and who meet the independence and financial literacy requirements of National Instrument 52-110 *Audit Committees*.

## Audit Committee Oversight

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

## Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

## Pre-Approval Policies and Procedures

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors".

## External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditor for the fiscal periods ending December 31, 2016 and 2015 are as follows:

Financial Year Ending	Audit Fees <sup>(1)</sup>	Audit Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees <sup>(4)</sup>
December 31, 2016	\$18,000	Nil	Nil	Nil
December 31, 2015	\$45,000	Nil	Nil	Nil

(1) The aggregate fees billed by the Company's auditor for audit fees.

(2) Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".

(3) Fees charged for tax compliance, tax advice and tax planning services.

(4) Fees for services other than disclosed in any other column.

## Exemption

The Company is relying upon the exemption in section 6.1 of NI 52-110 with respect to compliance with the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

## CORPORATE GOVERNANCE DISCLOSURE

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. National Policy 58-201 *Corporate Governance Guidelines* provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") prescribes certain disclosure by the Company of its corporate governance practices. The following information has been prepared and provided as required by NI 58-101.

### **Board of Directors**

The Board facilitates its exercise of independent supervision over the Management through frequent communication with Management.

In accordance with NI 52-101, a director is considered "independent" if he or she has no direct or indirect "material relationship" with the Company, being a relationship which could in the view of the Board be reasonably expected to interfere with the exercise of a director's independent judgment, subject to certain specified circumstances where an individual is considered to have a material relationship.

### **Directorships**

The directors listed below are presently directors of a reporting issuer (or equivalent) in a jurisdiction of Canada or a foreign jurisdiction.

<b>Director</b>	<b>Directorship in other Reporting Issuer(s)</b>
Donald Padgett	Vanoil Energy Ltd. (TSXV:VELV) War Eagle Mining Company Inc. (TSXV:WAR)
James Passin	Vanoil Energy Ltd. (TSXV:VELV) BDSec Joint Stock Company (MSE:BDS) Sharyn Gol JSC (MSE:SHG) Khot Development JSC (MSE:SDT)

### **Orientation and Continuing Education**

Each new director brings a different background and skill set and with this information the Board determines what orientation as to the nature and operations of the Company's business will be necessary and relevant to each new director. The Company provides continuing education for its directors as such need arises and encourages open discussion at all meetings which facilitates participation and open learning by the directors.

### **Ethical Business Conduct**

The Board expects Management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance objectives and goals, and is encouraged to discuss with the Board any perceived or potential issues in ethical business conduct.

In addition, the Board must comply with conflict of interest provisions of applicable corporate, securities and common law, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

### **Nomination of Directors**

Individual directors identify new nominees to the Board based on perceived or potential requirements for particular knowledge or skills. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the President and Chief Executive Officer of the Company.

### **Compensation**

As of December 31, 2016, the Compensation Committee was comprised of James Passin (chair), Donald Padgett and Erin Chutter. After the Meeting, the Board will appoint new members to the Compensation Committee and adopt a Compensation Committee Charter in the form attached as Schedule "B" to this Circular.

The Board reviews, as needed, compensation to directors and to officers with respect to industry comparables and with regards to the particular circumstances of the Company and its financial position.

### **Other Board Committees**

The Company has no standing committees other than the Audit Committee and the Compensation Committee.

### **Assessments**

The Board collectively conducts and reviews informal annual assessments of the effectiveness of the Board, its individual committees and its individual directors.

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

### **APPOINTMENT OF AUDITOR**

At the Meeting, Shareholders will be asked to pass an ordinary resolution appointing DMCL LLP, Chartered Professional Accountants, (“DMCL LLP”) as auditors of the Company for the ensuing year at a remuneration to be fixed by the Company’s Board of Directors. Unless directed otherwise by a proxy holder, Management’s Designated Person, if named as proxy, intends to vote the common shares represented by any such proxy FOR the appointment of DMCL LLP, of Suite 1500 – 1140 West Pender Street, Vancouver, BC V6E 4G1, as auditors of the Company and to authorize the Board to fix their remuneration. DMCL LLP were first appointed auditors of the Company on July 27, 2017, to fill the vacancy created by the resignation of Ernst & Young LLP, Chartered Accountants, as auditors of the Company, effective May 31, 2016. The change of auditor of the Company was approved by the Company’s Audit Committee. A copy of the Notice of Change of Auditor and copies of the supporting letter from each of the former and successor auditors (collectively, the “**Reporting Package**”) is attached as Schedule “C” to this Circular and has been filed on the Company’s profile at [www.sedar.com](http://www.sedar.com) pursuant to the requirements of National Instrument 51-102. There were no “reportable events”, as such term is defined in NI 51-102, nor any modified opinions expressed in the auditors’ reports on the financial statements of the Company during the period during which Ernst & Young LLP was the Company’s auditor.

### **ELECTION OF DIRECTORS**

The directors of the Company are elected annually and hold office until the next Annual General Meeting of Shareholders or until their successors are duly elected or appointed, unless an office is earlier vacated by death or by resignation or removal in accordance with the BVI Business Companies Act and the Memorandum and Articles of Association of the Company.

### **Number of Directors**

Management recommends, and the Designated Persons, if named as proxy, intend to vote in favour of, a resolution fixing the number of directors for the ensuing year at a maximum of seven (7). Unless a proxy contains express instructions to vote otherwise, it is intended that all proxies received will be voted in favour of such resolution.

### **Management Nominees for Directorship**

The following table sets out required information, as at the Record Date, regarding Management's nominees for election as a director. Management does not contemplate that any of its nominees will be unable to serve as a director.

No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the Company acting solely in such capacity and except as generally disclosed in this Circular or otherwise under the heading for the matter to be acted upon. The Company has not received notice of, and Management is not aware of, any proposed nominee for director other than Management's nominees.



Name, Province/State and Country of ordinary residence <sup>(1)</sup> , and positions held with the Company	Principal occupation and, IF NOT elected to present term of office, principal occupation for the past five years <sup>(1)</sup>	Period(s) serving as Director	Common shares beneficially owned or controlled or directed <sup>(2)</sup>
<b>DONALD PADGETT</b> British Columbia, Canada President, CEO & Director	Mining executive; corporate finance and investment banking executive; director and officer of several public companies	Nov 14, 2011 to present	472,940
<b>JAMES PASSIN</b> New York, USA Director	Principal of FGS Advisors LLC; Director of FGMF, FGMF2, Firebird Mongolia, and Firebird New Mongolia	Nov 14, 2011 to present	32,169,605 <sup>(3)</sup>
<b>JEREMY L. GARDNER</b> Massachusetts, USA Nominee for Director	Entrepreneur-in-Residence, Blockchain Capital, October 2015 to present; Blockchain Education Network, founder and chairman of the board, 2014 to present; Augur, founder, 2014; editor-in-chief, Distributed magazine	N/A	Nil
<b>WAYNE LLOYD</b> British Columbia, Canada Nominee for Director	Founder of financial analytics firm Market Memory, providing data analytics to large commodity traders; Active investor, advisor, and board member to several fintech and cryptocurrency startups including Secfi and Lithium Index; Chartered Financial Analyst	N/A	Nil
<b>ANDREW CLOVER</b> Hampshire, England Nominee for Director	Co-founder of Quantave Global Ltd.; co-founder and chief operating officer of Light Peak Capital	N/A	Nil

- (1) The information as to country of residence and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (2) The information as to common shares beneficially owned directly or indirectly or over which a director exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (3) James Passin has direct control of 1,000,000 common shares and indirect control and direction of (i) 126,250 common shares held by Passin Management Limited Partnership, (ii) 15,187,580 common shares held by Firebird Mongolia, (iii) 530,747 common shares held by FGMF, (iv) 461,392 common shares held by FGMF2 and (v) 14,863,636 common shares held by Firebird New Mongolia.

### **Biography for Directors**

**James Passin** is a fund manager at Firebird Management LLC. He joined the firm in 1999. Mr. Passin is the Co-Founder and Manager of Firebird Mongolia Fund, Ltd., Firebird New Mongolia Fund, LP, Firebird Global Master Fund Holdings, Ltd., Firebird Global Master Fund II Holdings, Ltd. and a Principal at FGS Advisors LLC and FG2 Advisors LLC. He is a director of a number of both public and private Mongolian and Canadian companies, including Vanoil Energy Ltd, BDSec JSC, Sharyn Gol JSC and Khot Development JSC. Mr. Passin is a graduate of St. John's College, where he majored in Philosophy and Classical Literature. Mr. Passin has directed Firebird's portfolio and private equity investment activity in Mongolia since 2006.

**Donald Padgett** is an experienced senior management leader with a proven track record of developing and executing successful strategies for profitable international business ventures. He has served as Chairman, President and director of several public and private companies. Mr. Padgett has also enjoyed a successful investment banking career in senior management positions including: Managing Director of the investment banking group at Canaccord Financial Ltd.'s Western Canadian office and more than 10 years as a senior member of the Investment Banking Group at Burns Fry, now Nesbitt Burns. Mr. Padgett holds a law degree from Dalhousie University, an MBA from McMaster and a BSc from University of Toronto.

## ***Biography for Director-Nominees***

**Jeremy L. Gardner** is an Entrepreneur-in-Residence at Blockchain Capital and has been involved in the blockchain sector since 2013, having founded several successful ventures in the industry. In early 2014, Mr. Gardner founded the Blockchain Education Network, a global network of student organizations in over 30 countries and nearly 400 schools, of which he still serves as chairman of the board. In late 2014, Mr. Gardner co-founded Augur, a decentralized prediction market platform built on the Ethereum blockchain. Mr. Gardner is also the editor-in-chief of Distributed, the only print magazine dedicated to blockchain technology.

**Wayne Lloyd**, a Chartered Financial Analyst based in Vancouver, British Columbia, founded the financial analytics firm Market Memory, providing data analytics to physical commodity traders, and is an active investor, trader, and board member of several financial technology and cryptocurrency start-ups, including SecFi, financial services company connecting institutional investors to late stage startups.

**Andrew Clover** co-founded Quantave in February 2014, providing full trade lifecycle infrastructure for institutional access to the digital asset markets. From January 2013 to January 2014, Mr. Clover served as chief operating officer of Light Peak Capital, an asset management firm he co-founded. Prior to that he worked on collateralized debt risk modelling at European Investment Fund until November 2012.

## ***Corporate Cease Trade Orders, Bankruptcies and Penalties and Sanctions***

For purposes of the disclosure in this section, an "order" means a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days; and for purposes of item (a)(i) below, specifically includes a management cease trade order which applies to the directors or executive officers of the relevant company that was in effect for a period of more than 30 consecutive days.

Except as disclosed below, none of the proposed Management nominees for election as a director of the Company:

- (a) is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) 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, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or 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;
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority since December 31, 2000, or before December 31, 2000 if the disclosure of which would likely be important to a reasonable security holder in deciding whether to vote for a proposed director; or
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

On May 5, 2017, the Ontario Securities Commission (the "OSC") issued a cease trade order (the "CTO") under the securities legislation of Ontario that all trading in the securities of the Company cease until Khot filed its (i) audited annual financial statements for the year ended December 31, 2016, (ii) management's discussion and analysis for the year ended December 31, 2016 and (iii) certification of the annual filings for the year ended December 31, 2016, as required by applicable securities legislation.

On August 2, 2017, the Company filed its audited annual financial statements and management's discussion and analysis, along with the CEO and CFO certifications of the annual filings for the year ended December 31, 2016, and paid the applicable filing fees, as required by applicable securities legislation. On August 10, 2017, Khot filed its interim financial report and management's discussion and analysis, along with the CEO and CFO certifications of the interim filings for the period ended March 31, 2017, as required by applicable securities legislation. The Company is currently in the process of applying for a full revocation of the CTO issued against it.

Mr. Padgett is President, CEO and Director of Vanoil Energy Ltd., a Canadian public company, which is subject to a cease trade order issued by the BCSC on February 3, 2017 for failure to file audited annual financial statements for the year ended September 30, 2016. Such cease trade order remains in effect.

Mr. Passin is Chairman and Director of Vanoil Energy Ltd., a Canadian public company, which is subject to a cease trade order issued by the BCSC on February 3, 2017 for failure to file audited annual financial statements for the year ended September 30, 2016. Such cease trade order remains in effect.

## **Recommendation**

Management recommends, and the Designated Persons, if named as proxy, intend to vote in favour of, the election of Management's nominees for election as a director. Unless a proxy contains express instructions to vote otherwise, it is intended that all proxies received will be voted in favour of such election.

### **APPROVAL AND RATIFICATION OF STOCK OPTION PLAN**

The Board approved a rolling stock option plan, the Company's 2017 Stock Option Plan, on August 15, 2017. The Stock Option Plan authorizes the Board to issue options to directors, officers, key employees and others who are in a position to contribute to the future success and growth of the Company.

Under the Stock Option Plan, the aggregate number of Common Shares issuable upon exercise of options granted thereunder may not exceed 10% of the total number of outstanding Common Shares at the time the options are granted. Further, the aggregate number of Common Shares issuable upon the exercise of the options granted thereunder to any one individual may not exceed 5% of the total number of outstanding Common Shares of the Company. Options issued pursuant to the Stock Option Plan must have an exercise price not less than that from time to time permitted by the stock exchange on which the Common Shares are then listed. The period during which an option may be exercised shall be determined by the Board at the time the option is granted, subject to any vesting limitations which may be imposed by the Board at the time such option is granted, provided no option shall be exercisable for a period exceeding ten years from the date the option is granted.

The options granted under the Stock Option Plan expire on the earlier of the date of the expiration of the option period noted above and in the case of optionees who are directors, officers, employees or consultants must expire within a reasonable period not exceeding one year after the date that a holder ceases to hold the position or positions of director, officer, employee or consultant of the Company, and within 30 days for any optionee engaged in investor relations activities. In the event of the death or permanent disability of a holder, any option previously granted to him shall be exercisable until the end of the option period noted above or until the expiration of 12 months after the date of death or permanent disability of such option holder, whichever is earlier.

In addition to the terms of the Stock Option Plan mentioned above, regulatory policies require approval by the affirmative vote of a majority of the votes cast at the Meeting, other than the votes attaching to the Common Shares beneficially owned by the insiders of the Company to whom the options may be granted pursuant to the Stock Option Plan, or their associates to the Company if the Company is proposing any of the following:

- (a) decreasing the exercise price of stock options previously granted to insiders;
- (b) issuing to insiders, upon the exercise of stock options, within a one year period, shares exceeding 10% of the outstanding listed shares; and
- (c) issuing to any one insider and such insider's associates, upon the exercise of stock options, within a one year period, shares exceeding 5% of the outstanding listed shares.

The Company requires disinterested shareholder approval for the actions mentioned above; otherwise, a majority of shareholders suffices to renew the Stock Option Plan.

A copy of the Stock Option Plan is attached to this Information Circular as Schedule "A" and will be available for Shareholders to review at the Meeting, if requested.

At the Meeting, Shareholders will be asked to pass a resolution in the following form:

"UPON MOTION IT WAS RESOLVED that the Company approve and ratify, subject to regulatory approval, the Stock Option Plan pursuant to which the directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company and its subsidiaries to a maximum of 10% of the issued and outstanding common shares at the time of the grant, with a maximum of 5% of the Company's issued and outstanding shares being reserved to any one person on a yearly basis."

**Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote for the approval and ratification of the Plan.**

## **CHANGE OF BUSINESS RESOLUTION**

### **Change of Business**

In light of the current state of the transportation infrastructure sector and the current economic climate in Mongolia, and given the expertise and skill set of the Board and management, management and the Board believe that the optimal allocation of the Company's working capital would be within the framework of an investment company, rather than as a transportation infrastructure company where its working capital would be spent on a limited number of construction projects without any reasonable prospect for internally generated cash flow over the next several years. For those reasons, management and the Board have proposed that the Company undergo a Change of Business from transportation infrastructure to that of making investments in cryptocurrencies, with a view to acquiring an inventory of cryptocurrencies consisting initially of innovative blockchain cryptocurrencies such as Ether (ETH) and EOS (EOS). The Company's corporate objective is to benefit from the appreciation in value in the price of cryptocurrencies, while seeking one or more acquisitions in the blockchain space, and its investment strategy is to stay away from short-term trading in cryptocurrencies in favor of focusing solely on major innovative cryptocurrencies. Specifically, the Company intends to conduct a private placement to raise minimum gross proceeds of \$2,000,000, of which at least 50% of the funds raised will be used to purchase major cryptocurrencies, including ETH and EOS; up to 25% of the funds raised will be used to participate in initial coin offerings (ICOs) or pre-ICO offerings of new tokens identified by the management team; and the remaining 25% of the funds raised will be allocated to a "fiat" cash reserve for acquisition opportunities or to repurchase shares of the Company that trade at a discount to the net asset value. The Company will not operate as an exchange-traded fund or a listed closed end or mutual fund, but instead will be a tax-efficient investment company managed by an experienced executive team under the direction of the Board of Directors. The Change of Business remains subject to Shareholder and Canadian Securities Exchange approval.

The Change of Business Resolution must be approved by at least a majority of the votes cast by the Shareholders present in person or represented by proxy at the Meeting.

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to adopt the Change of Business Resolution, the full text of which is set forth below, approving, among other things, a change in the Company's business from transportation infrastructure engaged in the construction of highways and regional roads in Mongolia to that of investments in cryptocurrency, with an initial focus on ETH and EOS:

### **BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:**

1. The proposed change in the Company's business from transportation infrastructure engaged in the construction of highways and regional roads in Mongolia to that of investments in cryptocurrency, with an initial focus on Ether and EOS, as more particularly described in the Company's information circular dated August 15, 2017, is hereby confirmed, ratified and approved;
2. The Company's investment strategy and policy as an "Investment Issuer" (as that term is defined in the policies of the Canadian Securities Exchange) may be amended in order to satisfy the requirements or requests of the Canadian Securities Exchange without requiring further approval of the shareholders of the Company; and

3. Any one director or officer of the Company is hereby authorized and directed, for and on behalf of the Company, to execute and deliver all such documents and to do all such other acts or things as such director or officer may determine to be necessary or advisable to give effect to the foregoing resolutions, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.

The Change of Business Resolution must be approved by at least a majority of the votes cast by the Shareholders present in person or represented by proxy at the Meeting.

**The Board unanimously recommends that Shareholders vote in favor of the Change of Business Resolution. Unless otherwise specified, the persons named in the enclosed form of proxy intend to vote FOR the Change of Business Resolution.**

#### **SALE OF AMZ RESOLUTION**

The Company has decided to sell its 75% interest in AMZ for nominal consideration to avoid any ongoing costs required to support AMZ and sufficient enough to cover existing and prospective liabilities related to the liquidation of this entity.

The Company proposes to change its name and business strategy to focus on the dynamic opportunity offered in the cryptocurrency sector. Management has identified an approach to cryptocurrency investing that it believes offers a better approach to operating in this space. To this end, new management and directors have agreed to join the Company and will be bringing expertise and a successful track record in this game-changing environment. New operations will consist of targeted investments in specific cryptocurrencies that include Ether and EOS, among others. The Company will rely heavily on management expertise to create shareholder value on an ongoing basis.

In summary, Company management uniformly regard this opportunity as having superior potential in a sector driven by growing global awareness and impact potential.

At the meeting, Shareholders will be asked to approve the following special resolution authorizing the sale of its Mongolian subsidiary, Ashid Munkhiin Zam LLC ("AMZ"):

"BE IT RESOLVED as a special resolution that:

- (a) the sale of the Company's Mongolian subsidiary, Ashid Munkhiin Zam LLC ("AMZ"), as described in the management information circular of the Company dated August 15, 2017 (the "Sale"), be and is hereby authorized and approved;
- (b) the Company be and is hereby authorized to take all such further actions and to execute and deliver all such further instruments or documents relating to, contemplated by or necessary or desirable in connection with the sale of AMZ, including the entering into, execution and delivery of a share purchase agreement on terms satisfactory to the directors of the Company, and the Company be and is hereby authorized to perform all of its obligations thereunder;
- (d) any officer or director of the Company be and is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or cause to be delivered all such documents, agreements and instruments, and to perform or cause to be performed all such acts and things, as such officer or director shall determine to be necessary or desirable to give full effect to this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such documents, agreements or instruments or the performing or causing to be performed of such other acts or things; and
- (e) notwithstanding that this special resolution has been duly passed by the shareholders of the Company, the board of directors of the Company be and is hereby authorized and empowered to defer acting on this special resolution or revoke this special resolution at any time before it is acted upon without further notice to or approval, ratification or confirmation by the shareholders, if it determines that the sale of AMZ is no longer in the best interests of the Company."

The Board has determined that passing the Sale of AMZ Resolution is in the best interests of the Company and its shareholders and recommends that shareholders vote IN FAVOUR of the Sale of AMZ Resolution. The Sale of AMZ Resolution requires the affirmative vote of at least two-thirds (66⅔%) of the votes cast by shareholders present in person or by proxy at the Meeting. In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed Proxy intend to vote FOR the Sale of AMZ Resolution.

### **SHARE CONSOLIDATION RESOLUTION**

The Company proposes to consolidate the common shares by a ratio of up to 10:1. Based on the Company's 65,302,351 currently issued and outstanding common shares, the proposed share consolidation would result in 6,530,235 issued and outstanding common shares. In addition, subsequent to the quarter ended March 31, 2017, the Company incurred debt of \$188,071.70 to various individuals who advanced loans to the Company, including Mr. Passin, a director of the Company, and Mr. Clover, a proposed director of the Company. It is management's expectation that the amount of the outstanding loans will be settled shortly prior to the effective date of the share consolidation through the issuance of common shares at a deemed price of \$0.01 per share prior to the consolidation, or at a price of (\$0.10 post-consolidation).

If the Share Consolidation Resolution is approved at the Meeting, the Company intends to file articles of amendment to effect the share consolidation as soon as practicable after the closing of the change of business and other transactions at a date to be determined by the Company. Upon such matters being determined by the Board, the Company will notify the Shareholders and the public of the record date, the consolidation ratio and effective date selected to give effect to the share consolidation, and will provide instructions to the Shareholders as to the procedures for the share consolidation.

The share consolidation is subject to regulatory approval, including approval of the Canadian Securities Exchange. As a condition to the approval of a consolidation of shares listed for trading on the Canadian Securities Exchange, the Canadian Securities Exchange requires, among other things, that a listed issuer continues to meet the Canadian Securities Exchange's "Initial Listing Requirements" after the share consolidation. In order for the Company to continue to meet the applicable Initial Listing Requirements, the Company must have at least 150 "public shareholders" (as defined under the policies of the Canadian Securities Exchange) holding a certain minimum number of common shares, each free of "resale restrictions" (as defined under the policies of the Canadian Securities Exchange), after completion of the share consolidation.

#### *Letter of Transmittal and Share Certificates*

*Shareholders will have received with this Circular a Letter of Transmittal.* If the share consolidation is approved by Shareholders and implemented by the Board, the registered holders of the common shares will be required to exchange the share certificates representing their pre-share consolidation shares for new share certificates representing the post-share consolidation shares to which they are entitled. A Letter of Transmittal accompanies this Circular and is being sent by the Company's transfer agent, Computershare Investor Services Inc., to each of the Company's Registered Shareholders. The Letter of Transmittal contains instructions on how to surrender common share certificates representing pre-share consolidation shares to Computershare Investor Services Inc. should the share consolidation be approved at the Meeting and implemented. Computershare Investor Services Inc. will then forward to each Registered Shareholder who has sent the required documents a new share certificate representing the number of post-share consolidation shares to which the Shareholder is entitled. Until surrendered, each share certificate representing pre-share consolidation shares will be deemed for all purposes to represent the number of whole post-share consolidation shares to which the holder is entitled as a result of the share consolidation. Shareholders should not destroy any share certificates and should not submit any share certificates until such time, if any, that the share consolidation is completed. As described above, the Company will publicly announce if and when the share consolidation is implemented.

The Letter of Transmittal is for use by Registered Shareholders only. In order to receive certificates representing post-share consolidation shares if the share consolidation is implemented, a Registered Shareholder must complete, sign, date and return the enclosed Letter of Transmittal in accordance with the instructions set out therein and in this Circular. The Letter of Transmittal is also available on SEDAR at [www.sedar.com](http://www.sedar.com). The Letter of Transmittal contains instructions and should be reviewed carefully. Non-registered shareholders holding common shares that are registered in the name of a broker or other intermediary must contact their intermediary to arrange for the surrender of their shares.

In the event the Change of Business Resolution is adopted, Shareholders will be asked to consider and, if deemed advisable, to adopt the Share Consolidation Resolution, the full text of which is set forth below, authorizing an amendment to the Memorandum and Articles of Association of the Company in order to consolidate the Shares by a ratio of up to 10:1, or such other ratio as may be accepted by the relevant regulatory authorities and approved by the Board, with any resulting fractional shares being rounded down to the nearest whole common share:

**BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:**

1. The amendment to the memorandum and articles of association of the Company, to consolidate the common shares of the Company by a ratio of 10:1, or such other ratio as may be accepted by the relevant regulatory authorities and approved by the directors of the Company, with any resulting fractional shares being rounded down to the nearest whole common share, is hereby authorized and approved.
2. Notwithstanding the approval of these resolutions by the shareholders of the Company, the board of directors of the Company is hereby authorized and empowered without further notice to, or approval of, the shareholders to abandon the proposed amendment to the memorandum and articles of association of the Company contemplated in the foregoing resolutions.
3. Any one director or officer of the Company is hereby authorized and directed, for and on behalf of the Company, to execute and deliver all such documents and to do all such other acts or things as such director or officer may determine to be necessary or advisable to give effect to the foregoing resolutions, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.

The Share Consolidation Resolution must be approved by at least a special majority, being not less than two-thirds of the votes cast by the Shareholders present in person or represented by proxy at the Meeting. **The Board unanimously recommends that Shareholders vote in favor of the Share Consolidation Resolution. Unless otherwise specified, the persons named in the enclosed form of proxy intend to vote FOR the Share Consolidation Resolution.**

Notwithstanding its approval, the Share Consolidation Resolution authorizes the Board, without further notice to or approval of the Shareholders, to elect to not proceed with the Share Consolidation.

**NAME CHANGE RESOLUTION**

In the event that the Change of Business Resolution is adopted, Shareholders will be asked to consider and, if deemed advisable, to adopt the Name Change Resolution, the full text of which is set forth below, authorizing an amendment to the memorandum and articles of association of the Company in order to change the name of the Company to "Blockchain Holdings Ltd." to reflect the new strategic direction of the Company, and in recognition of the block chain's significance as the core infrastructure underpinning the cryptocurrency world, or to such other name as may be approved by the Board and the applicable regulatory authorities. The Company will also select a corresponding trading symbol at the time of the formal name change, subject to Canadian Securities Exchange approval. If the Name Change Resolution is approved at the Meeting, the Company intends to file articles of amendment to change its name as soon as practicable after the closing of the change of business and other transactions at a date to be determined by the Board of Directors:

**BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:**

1. The amendment to the memorandum and articles of association of the Company, to change the name of the Company to "Blockchain Holdings Ltd.", or such other name as may be approved by the board of directors as more particularly described in the Circular, is hereby authorized and approved.
2. Notwithstanding the approval of these resolutions by the shareholders of the Company, the board of directors of the Company is hereby authorized and empowered without further notice to, or approval of, the shareholders to abandon the proposed amendment to the memorandum and articles of association of the Company contemplated in the foregoing resolutions.

3. Any one director or officer of the Company is hereby authorized and directed, for and on behalf of the Company, to execute and deliver all such documents and to do all such other acts or things as such director or officer may determine to be necessary or advisable to give effect to the foregoing resolutions, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.

The Name Change Resolution must be approved by at least a special majority, being not less than two-thirds of the votes cast by the Shareholders present in person or represented by proxy at the Meeting. **The Board unanimously recommends that Shareholders vote in favor of the Name Change Resolution. Unless otherwise specified, the persons named in the enclosed form of proxy intend to vote FOR the Name Change Resolution.**

Notwithstanding its approval, the Name Change Resolution authorizes the Board, without further notice to or approval of the Shareholders, to elect to not proceed with the Name Change.

#### **OTHER MATTERS**

Other than the above, management of the Company knows of no other matters to come before the Meeting, other than those referred to in the Notice of Meeting. However, if any other matters shall properly come before said Meeting, the shares represented by the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the shares represented by the proxy.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) or the Company's web site [www.khot-infrastructure.com](http://www.khot-infrastructure.com). Financial information concerning the Company is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year, which is available on SEDAR at the internet address indicated above. Shareholders may contact the Company at the address or contact numbers below to request copies of the Company's financial statements and MD&A:

Khot Infrastructure Holdings, Ltd.  
Sea Meadow House, Blackburne Hwy, P.O. Box 116,  
Road Town, Tortola , VG 1110 British Virgin Islands  
Tel: (604) 689-1515  
E-mail: [ba@khot-infrastructure.com](mailto:ba@khot-infrastructure.com)

#### **DIRECTOR APPROVAL**

The contents and the sending of this Circular to the Shareholders has been approved by the Board of Directors.

Dated: August 15, 2017

BY ORDER OF THE BOARD  
(signed) Donald Padgett  
President and CEO



## SCHEDULE "A"

### KHOT INFRASTRUCTURE HOLDINGS, LTD.

#### INCENTIVE STOCK OPTION PLAN

##### 1. PURPOSE

The purpose of the Stock Option Plan (the "Plan") of **Khot Infrastructure Holdings, Ltd.**, a body corporate incorporated under the *BVI Business Companies Act, 2004* (the "Company"), is to advance the interests of the Company by encouraging the directors, officers, employees and consultants of the Company to acquire shares in the Company, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of their affairs.

##### 2. ADMINISTRATION AND GRANTING OF OPTIONS

The Plan shall be administered by the Board of Directors of the Company or, if appointed, by a special committee of directors appointed from time to time by the Board of Directors of the Company, subject to approval by the Board of Directors of the Company (such committee or, if no such committee is appointed, the Board of Directors of the Company, is hereinafter referred to as the "Committee") pursuant to rules of procedure fixed by the Board of Directors.

The Committee may from time to time designate bona fide directors, officers, employees or consultants of the Company (the "Participants") to whom options to purchase common shares of the Company (each, an "Option") may be granted and the number of common shares to be optioned to each, provided that the total number of common shares to be optioned shall not exceed the number provided in Clauses 3 and 4 hereof. The Company represents that Participants who are granted Options will be bona fide directors, officers, employees or consultants of the Company at the time of grant.

##### 3. SHARES SUBJECT TO PLAN

Subject to adjustment as provided in Clause 12 hereof, the shares to be offered under the Plan shall consist of Options to acquire up to a maximum of 10% (rolling) of the issued and outstanding common shares in the Company's capital stock from time to time. The aggregate number of shares to be delivered upon the exercise of all Options granted under the Plan shall not exceed the maximum number of shares permitted under the rules of any stock exchange on which the common shares are then listed or other regulatory body having jurisdiction. If any Option granted hereunder shall expire or terminate for any reason without having been exercised in full, the unpurchased shares subject thereto shall again be available for the purpose of this Plan.

##### 4. NUMBER OF OPTIONED SHARES

The number of shares subject to an Option to a Participant, other than a Consultant (as defined in the policies of the TSX Venture Exchange (the "Exchange")) and an Employee (as defined in the policies of the Exchange) conducting Investor Relations Activities (as defined in the policies of the Exchange) shall be determined by the Committee, but no Participant, where the Company is listed on any stock exchange, shall be granted an Option which exceeds the maximum number of shares permitted under any stock exchange on which the common shares are then listed or other regulatory body having jurisdiction, which maximum number of shares is presently an amount equal to 5% of the then issued and outstanding shares of the Company (on a non-diluted basis) in any 12 month period.

The maximum number of shares subject to an Option to a Participant who is a Consultant is presently limited to an amount equal to 2% of the then issued and outstanding shares of the Company (on a non-diluted basis) in any 12 month period.

The number of options granted to all persons in aggregate who are employed to perform Investor Relations Activities is presently limited to an amount equal to 2% of the then issued and outstanding shares of the Company (on a non-diluted basis) in any 12 month period, provided that such Options vest in stages over a 12 month period with no more than 1/4 of the Options vesting in any three month period.

##### 5. MAINTENANCE OF SUFFICIENT CAPITAL

The Company shall at times during the term of the Plan reserve and keep available such numbers of shares as will be sufficient to satisfy the requirements of the Plan.

## **6. PARTICIPATION**

The Committee shall determine to whom Options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such Options shall be granted and the number of shares to be subject to each Option. An individual who has been granted an Option may, if the individual is otherwise eligible, and if permitted by any stock exchange on which the common shares are then listed or other regulatory body having jurisdiction, be granted an additional Option or Options if the Committee shall so determine.

## **7. EXERCISE PRICE**

The exercise price of the shares covered by each Option shall be determined by the Committee. The exercise price shall not be less than the price permitted by the Exchange or other regulatory body having jurisdiction. Currently, the minimum exercise price as determined by the Exchange is not less than the Discounted Market Price (as defined by the Exchange).

## **8. DURATION OF OPERATION**

Each Option and all rights thereunder shall be expressed to expire on the date set out in the option agreements and shall be subject to earlier termination as provided in Clauses 10 and 11.

## **9. OPTION PERIOD, CONSIDERATION AND PAYMENT**

- (a) The option period (the "Option Period") shall be a period of time fixed by the Committee, not to exceed the maximum period permitted by any stock exchange on which the common shares are then listed or other regulatory body having jurisdiction, which maximum period is presently five years from the date the Option is granted, provided that the Option Period shall be reduced with respect to any Option as provided in Clauses 11 and 12 covering cessation as a director, officer, employee or consultant of the Company or death of the Participant.
- (b) Except as set forth in Clauses 11 and 12, no Option may be exercised unless the Participant is, at the time of such exercise, a director, officer, employee or consultant of the Company.
- (c) The exercise of any Option will be contingent upon receipt by the Company at its head office of a written notice of exercise, specifying the number of shares with respect to which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such shares with respect to which the Option is exercised. No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any shares subject to an Option under this Plan unless and until the certificates for such shares are issued to such persons under the terms of the Plan.

## **10. HOLD PERIOD**

Share certificates issued on exercise of an Option shall be legended in all cases as may be required by applicable securities laws and the rules of the Exchange.

## **11. CEASING TO BE A DIRECTOR, OFFICER, EMPLOYEE OR CONSULTANT**

If a Participant shall cease to be a director, officer, employee or consultant, as the case may be, of the Company for any reason (other than death), he may, but only within 12 months next succeeding his ceasing to be a director, officer, employee or consultant, exercise his Option to the extent that he was entitled to exercise it at the date of such cessation provided that, in the case of a Participant who is engaged in Investor Relations Activity on behalf of the Company, this 12 month period referenced herein shall be shortened to 30 days.

Nothing contained in the Plan, nor in any Option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, employee or consultant of the Company or of any affiliate.

## **12. DEATH OF A PARTICIPANT**

In the event of the death of a Participant, the Option previously granted to him shall be exercisable only within the 12 months next succeeding such death and then only:

- (a) by the person or persons to whom the Participant's rights under the Option shall pass by the Participant's will or the laws of descent and distribution; and
- (b) if and to the extent that he was entitled to exercise the Option at the date of his death.

### **13. ADJUSTMENTS**

Appropriate and proportional adjustments in the exercise price of the Options and in the number of Options granted or to be granted may be made by the Committee in its discretion to give effect to adjustments in the number of common shares of the Company resulting from subdivisions, consolidations or reclassification of the common shares of the Company, the payment of stock dividends by the Company or other relevant changes in the capital of the Company.

### **14. TRANSFERABILITY**

The benefits, rights and Options accruing to the Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein. During the lifetime of a Participant any benefits, rights and Options may only be exercised by the Participant.

### **15. AMENDMENT AND TERMINATION OF PLAN**

The Committee may, at any time, suspend or terminate the Plan. The Board of Directors may, subject to such approvals as may be required under the rules of the Exchange or other regulatory body having jurisdiction, also at any time amend or revise the terms of the Plan, PROVIDED that no such amendment or revision shall alter the terms of any Options theretofore granted under the Plan.

### **16. NECESSARY APPROVALS**

The ability of the Options to be exercised and the obligation of the Company to issue and deliver shares in accordance with the Plan is subject to any approvals which may be required from the shareholders of the Company, the Exchange or any other regulatory authority having jurisdiction over the securities of the Company. So long as it remains a policy of the Exchange, the Company will obtain disinterested shareholder approval for:

- (a) any reduction in the exercise price of the Option if the Participant is an insider of the Company at the time of the proposed amendment;
- (b) the grant to any Participant, if the Participant is an insider of the Company at the time of the grant, within a 12 month period, of a number of options exceeding 10% of the issued shares;
- (c) the issuance to any one Participant, if the Participant is an insider of the Company at the time of the grant, of a number of shares exceeding 10% of the issued shares; or
- (d) the grant of Options if the Plan, together with all of the Company's previously established and outstanding stock option plans or grants, could result at any time in the grant to insiders of the Company, within a 12 month period, of a number of Options exceeding 10% of the issued shares.

If any shares cannot be issued to the Participant for whatever reason, the obligation of the Company to issue such shares shall terminate and any Option exercise price paid to the Company will be returned to the Participant.

### **17. PRIOR PLANS**

The Plan shall entirely replace and supersede any prior share option plans, if any, adopted by the Board of Directors of the Company or its predecessor companies.

### **18. EFFECTIVE DATE OF PLAN**

The Plan has been adopted by the Board of Directors subject to the approval of any stock exchange on which the shares of the Company are to be listed or other regulatory body having jurisdiction and approval of the shareholders and, if so approved, the Plan shall become effective upon such approvals being obtained.

Approved by the Directors on August 15, 2017.

## **SCHEDULE "B"**

**KHOT INFRASTRUCTURE HOLDINGS, LTD.  
(the "Corporation")  
Compensation Committee Charter  
September 19, 2017**

### **OVERALL ROLE AND RESPONSIBILITY**

The Compensation Committee (the "Committee") shall assist the Board of Directors in its oversight role with respect to:

- (i) the Corporation's global human resources strategy, policies and programs; and
- (ii) all matters relating to proper utilization of human resources within the Corporation, with special focus on management succession, development and compensation.

### **MEMBERSHIP AND MEETINGS**

The Committee shall consist of three or more Directors appointed by the Board of Directors, a majority of whom shall be independent and unrelated to the Corporation and as such shall not be officers (other than a non-executive Chairman or Corporate Secretary who is not an employee of the Corporation) or employees of the Corporation or any of the Corporation's affiliates.

Each of the members of the Committee shall satisfy the applicable independence and experience requirements of the laws governing the Corporation, the applicable stock exchanges on which the Corporation's securities are listed and applicable securities regulatory authorities.

The Board of Directors shall designate one member of the Committee as the Committee Chair. Members of the Committee shall serve at the pleasure of the Board of Directors for such term or terms as the Board of Directors may determine.

### **STRUCTURE AND OPERATIONS**

The affirmative vote of a majority of the members of the Committee participating in any meeting of the Committee is necessary for the adoption of any resolution.

The Committee shall meet as often as required, but not less frequently than annually. The Committee shall report to the Board of Directors on its activities after each of its meetings.

The Committee shall review and assess the adequacy of this Charter periodically and, where necessary, will recommend changes to the Board of Directors for its approval.

### **SPECIFIC DUTIES**

#### **Succession and Review**

- Review succession and leadership plans and make appropriate recommendations to the Board of Directors periodically regarding the remuneration of the Corporation's senior officers.
- Review periodically the assessment of the performance of senior officers as provided to the Committee by the Chief Executive Officer.

#### **Remuneration**

- Establish an overall compensation policy for the Corporation and monitor its implementation, with special

attention devoted to the executive group.

- Review and make recommendations to the Board of Directors periodically regarding the Corporation's remuneration and compensation policies, including short and long-term incentive compensation plans and equity-based plans, bonus plans, pension plans, executive stock option plans and grants and benefit plans (including the group life and health program).
- Review and approve periodically all compensation arrangements with the senior executives of the Corporation other than the President and Chief Executive Officer.
- Review the executive compensation sections disclosed in the annual Proxy Circular distributed to shareholders, including the Statement of Executive Compensation, Compensation Discussion and Analysis, Summary Compensation Table, Employment Contracts, Long-Term Incentive Plans, Option Based Awards, Incentive Plan Awards, Pension Plan Benefits, Director Compensation, Termination and Change of Control Benefits, and Indebtedness of Directors and Senior Officers.
- Exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board of Directors.

#### **INDEPENDENT ADVISORS**

The Committee shall have the authority to retain such independent advisors as it may deem necessary or advisable for its purposes. The expenses related to such engagement shall be funded by the Corporation.

**SCHEDULE "C"**

**AUDITOR REPORTING PACKAGE**

**CHANGE OF AUDITORS  
Notice of Change of Auditors  
Pursuant to National Instrument 51-102**

**TO:** Ernst & Young, LLP, Chartered Accountants  
**AND TO:** Yet to Be Appointed Chartered Accountants  
**AND TO:** Canadian Securities Exchange  
Ontario Securities Commission

September 30, 2016

**RE: Notice Regarding Change of Auditor Pursuant to National Instrument 51-102**

Notice is hereby given, pursuant to section 4.11 of National Instrument 51-102 – Continuous Disclosure Obligations ("**NI 51-102**"), of a change of auditor of Khot Infrastructure Holding, Ltd. (the "**Company**").

- (1) Ernst & Young, LLP, Chartered Accountants (the "**Former Auditor**") have resigned as auditor of the Company, effective May 31, 2016.
- (2) The Company's Audit Committee has considered the Former Auditor's resignation and has yet to appoint a new auditor.
- (3) There were no reservations in the Former Auditor's reports on the financial statements of the Company for: (a) the two most recently completed financial years; or (b) for any period subsequent thereto for which an audit report was issued and preceding the effective date of the resignation of the Former Auditor.
- (4) In the opinion of the Audit Committee and the Board of Directors of the Company, there are no reportable events, as such term is defined in subparagraph **4.11(1)** of NI 51-102.

Signed "Erin Chutter"  
Chair of the Audit Committee



**DALE MATHESON CARR-HILTON LABONTE LLP**  
CHARTERED PROFESSIONAL ACCOUNTANTS

**VANCOUVER**  
1500 – 1140 W. Pender Street  
Vancouver, BC V6E 4G1  
TEL 604.687.4747 | FAX 604.689.2778

**TRI-CITIES**  
700 – 2755 Lougheed Hwy.  
Port Coquitlam, BC V3B 5Y9  
TEL 604.941.8266 | FAX 604.941.0971

**WHITE ROCK**  
301 – 1656 Martin Drive  
White Rock, BC V4A 6E7  
TEL 604.531.1154 | FAX 604.538.2613

[WWW.DMCL.CA](http://WWW.DMCL.CA)

July 27, 2017

**British Columbia Securities Commission**

P.O. Box 10142, Pacific Centre  
9<sup>TH</sup> Floor – 701 West Georgia Street  
Vancouver, B.C. V7Y 1L2

**TSX Venture Exchange**

P.O. Box 11633  
Suite 2700 – 650 West Georgia Street  
Vancouver, B.C. V6B 4N9

**Ontario Securities Commission**

20 Queen Street West, 22nd Floor  
Toronto, ON M5H 3S8

Dear Sirs:

**Re: Khots Infrastructure Holding, Ltd. (the "Company")**  
**Notice Pursuant to National Instrument 51-102 - Change of Auditor**

As required by the National Instrument 51-102 and in connection with our proposed engagement as auditor of the Company, we have reviewed the information contained in the Company's Notice of Change of Auditor, dated September 30, 2016 and agree with the information contained therein, based upon our knowledge of the information relating to the said notice and of the Company at this time.

Yours very truly,

**DALE MATHESON CARR-HILTON LABONTE LLP**  
CHARTERED PROFESSIONAL ACCOUNTANTS & BUSINESS ADVISORS

**PARTNERSHIP OF:**

**VANCOUVER** Robert J. Burkart, Inc. Kenneth P. Chong Inc. Alvin F. Dale Ltd. Donald L. Furney, Ltd. David J. Goertz, Inc. Matthew G. Gosden, Inc. Barry S. Hartley, Inc. Reginald J. LaBonte Ltd. Robert J. Matheson, Inc. Rakesh I. Patel Inc. Lorraine W. Rinfret, Inc. Brad A. Robin Inc.  
**WHITE ROCK** Michael K. Braun Inc. Peter J. Donaldson, Inc. Harjit S. Sandhu, Inc. **TRI-CITIES** Fraser G. Ross, Ltd. Brian A. Shaw Inc.



September 30, 2016

Canadian Securities Exchange  
Ontario Securities Commission

Dear Sirs/Mesdames:

**Re: KHOT INFRASTRUCTURE HOLDINGS LTD. (the “Company”)  
Notice Pursuant to National Instrument 51-102 – Change of Auditor**

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As required by National Instrument 51-102, we have reviewed the information contained in the notice of change of auditor (the “Notice”) for the Company dated September 30, 2016 and, we are in agreement with the statements contained in that Notice based on our knowledge of the information contained therein at this time.

Yours truly,

A handwritten signature in black ink that reads 'Ernst &amp; Young LLP'. The signature is written in a cursive, flowing style.

**Chartered Accountants**