

CELLSTOP SYSTEMS INC.

**NOTICE OF ANNUAL AND SPECIAL MEETING
OF SHAREHOLDERS**

**to be held on September 26, 2014 at 11:00 a.m. (Vancouver time)
at 302 – 1620 West 8th Avenue, Vancouver, British Columbia, V6J 1V4**

**MANAGEMENT INFORMATION CIRCULAR
AND PROXY STATEMENT**

August 22, 2014

CELLSTOP SYSTEMS INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF THE SHAREHOLDERS

TAKE NOTICE THAT an annual and special meeting (the "Meeting") of the shareholders of CellStop Systems Inc. (the "Corporation") will be held at 302 – 1620 West 8th Avenue, Vancouver, British Columbia, V6J 1V4, on Friday, September 26, 2014 at 11:00 a.m. (Vancouver time) for the following purposes:

1. to receive and consider the financial statements of the Corporation as at and for the year ended August 31, 2013, together with the report of the auditors thereon;
2. to fix the number of directors of the Corporation to be elected at the Meeting at 4 members;
3. to elect the directors of the Corporation for the ensuing year;
4. to appoint the auditors of the Corporation for the ensuing year and to authorize the directors of the Corporation to determine the remuneration to be paid to the auditors;
5. to consider and, if deemed advisable, to pass a special resolution, the full text of which is set forth in the accompanying management information circular and proxy statement (the "Management Proxy Circular"), to approve and authorize an alteration of the Corporation's Articles to include advance notice provisions;
6. to consider and, if deemed advisable, to pass a special resolution, the full text of which is set forth in the accompanying Management Proxy Circular, to approve and authorize an alteration of the Corporation's Articles to give the board of directors the authority to alter the authorized share structure of the Corporation; and
5. to transact such other business as may properly come before the Meeting.

Information relating to matters to be acted upon by the shareholders at the Meeting is set forth in the accompanying Management Proxy Circular.

A shareholder may attend the Meeting in person or may be represented at the Meeting by proxy. Shareholders who are unable to attend the Meeting in person and wish to be represented by proxy are requested to date, sign and return the accompanying instrument of proxy, or other appropriate form of proxy, in accordance with the instructions set forth in the accompanying Management Proxy Circular. An instrument of proxy will not be valid unless it is deposited at the offices of Computershare Investor Services (Attention: Proxy Department) at 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, in the enclosed self-addressed envelope, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time of the Meeting, or any adjournment thereof. An instrument of proxy may also be voted using a touch tone telephone at 1-866-732-VOTE (8683). Alternatively, a registered shareholder can complete internet voting by logging on at www.investorvote.com and entering the CONTROL NUMBER located on the address box of the shareholder's instrument of proxy. A person appointed as proxy holder need not be a shareholder of the Corporation.

Only shareholders of record as at the close of business on August 22, 2014 are entitled to receive notice of the Meeting.

SHAREHOLDERS ARE CAUTIONED THAT THE USE OF THE MAIL TO TRANSMIT PROXIES IS AT EACH SHAREHOLDER'S RISK.

DATED at Vancouver, British Columbia as of the 22nd day of August, 2014.

BY ORDER OF THE BOARD OF DIRECTORS

"Michelle Gahagan"

Michelle Gahagan
President & Chief Executive Officer

CELLSTOP SYSTEMS INC.

Management Information Circular and Proxy Statement

(Unless otherwise stated, information contained herein is given as of August 22, 2014)

INFORMATION REGARDING PROXIES AND VOTING AT THE MEETING

Solicitation of Proxies

This management information circular and proxy statement (the "Management Proxy Circular") is furnished in connection with the solicitation of proxies by the management of CellStop Systems Inc. (the "Corporation") for use at the annual and special meeting (the "Meeting") of the holders (the "Shareholders") of common shares ("Common Shares") of the Corporation to be held at 302 – 1620 West 8th Avenue, Vancouver, British Columbia, V6J 1V4, on Friday, September 26, 2014 at 11:00 a.m. (Vancouver time), for the purposes set forth in the notice of annual general meeting (the "Notice") accompanying this Management Proxy Circular. Solicitation of proxies will be primarily by mail, but may also be undertaken by way of telephone, internet, facsimile or oral communication by the directors, officers and regular employees of the Corporation, at no additional compensation. Costs associated with the solicitation of proxies will be borne by the Corporation.

Appointment of Proxyholders

Accompanying this Management Proxy Circular is an instrument of proxy for use at the Meeting. Shareholders who are unable to attend the Meeting in person and wish to be represented by proxy are required to date and sign the enclosed instrument of proxy and return it in the enclosed return envelope. **All properly executed instruments of proxy for Shareholders must be mailed so as to reach or be deposited at the offices of Computershare Investor Services (Attention: Proxy Department) at 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of British Columbia) prior to the time set for the Meeting or any adjournment thereof.** An instrument of proxy may also be voted using a touch tone telephone at 1-866-732-VOTE (8683). Alternatively, a registered shareholder can complete internet voting by logging on at www.investorvote.com and entering the CONTROL NUMBER located on the address box of the shareholder's instrument of proxy.

The persons designated in the instrument of proxy are officers and/or directors of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) other than the persons designated in the accompanying instrument of proxy, to attend at and represent the Shareholder at the Meeting.** To exercise this right, a Shareholder should insert the name of the designated representative in the blank space provided on the instrument of proxy and strike out the names of management's nominees. Alternatively, a Shareholder may complete another appropriate instrument of proxy.

Signing of Proxy

The instrument of proxy must be signed by the Shareholder or the Shareholder's duly appointed attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney of the Corporation. An instrument of proxy signed by a person acting as attorney or in some other representative capacity (including a representative of a corporate Shareholder) should indicate that person's capacity (following his or her signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has previously been filed with the Corporation).

Revocability of Proxies

A Shareholder who has submitted an instrument of proxy may revoke it at any time prior to the exercise thereof. In addition to any manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or by his or her duly authorized attorney or, if the Shareholder is a corporation, under its corporate seal or executed by a duly authorized officer or attorney of the corporation and deposited either: (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournments thereof, at which the instrument of proxy is to be used; or (ii) with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof. In addition, an instrument of proxy may be revoked: (i) by the Shareholder personally attending the Meeting and voting the securities represented thereby or, if the Shareholder is a corporation, by a duly authorized representative of the corporation attending at the Meeting and voting such securities; or (ii) in any other manner permitted by law.

Voting of Proxies and Exercise of Discretion by Proxyholders

All Common Shares represented at the Meeting by properly executed proxies will be voted on any ballot that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the Common Shares represented by the instrument of proxy will be voted in accordance with such instructions. The management designees named in the accompanying instrument of proxy will vote or withhold from voting the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholder appointing him or her on any ballot that may be called for at the Meeting. **In the absence of such direction, such Common Shares will be voted "FOR" the proposed resolutions at the Meetings. The accompanying instrument of proxy confers discretionary authority upon the persons named therein with respect to amendments of or variations to the matters identified in the accompanying Notice and with respect to other matters that may properly be brought before the Meeting.** In the event that amendments or variations to matters identified in the Notice are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the management designees to vote in accordance with their best judgment on such matters or business. At the time of printing this Management Proxy Circular, the management of the Corporation knows of no such amendment, variation or other matter to come before the Meeting other than the matters referred to in the accompanying Notice.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED ON

Except as disclosed in this Management Proxy Circular, none of the directors or senior officers of the Corporation at any time since the beginning of the Corporation's last financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on, other than the election of directors or the appointment of auditors.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Voting Shares, Record Date and Principal Shareholders

As at the date of this Management Proxy Circular, the authorized share capital of the Corporation consists of an unlimited number of Common Shares without par value. The record date for the determination of Shareholders entitled to receive notice of, and to vote at, the Meeting is August 22, 2014 (the "Record Date"). As at the Record Date, there were 25,058,196 Common Shares issued and outstanding as fully paid and non-assessable.

To the knowledge of the directors and executive officers of the Corporation, the only beneficial owners or persons exercising control or direction over Common Shares carrying more than 10% of the outstanding voting rights as of the Record Date were:

Shareholder	No. of Shares Beneficially Owned, Controlled or Directed	Percentage of Outstanding Shares
CDS & Co. ⁽¹⁾	6,996,838	27.92%

Note:

(1) The Corporation does not know the beneficial owners of these shares.

Common Shares

The holders of Common Shares are entitled to notice of and to vote at all annual general meetings of shareholders (except meetings at which only holders of a specified class or series of shares are entitled to vote) and are entitled to one vote per Common Share. The holders of Common Shares are entitled to receive such dividends as the board of directors of the Corporation (the "Board of Directors" or the "Board") declare and, upon liquidation, to receive such assets of the Corporation as are distributable to holders of Common Shares.

Voting of Common Shares – General

Only Shareholders whose names are entered in the Corporation's register of shareholders at the close of business on the Record Date and holders of Common Shares issued by the Corporation after the Record Date and prior to the Meeting will be entitled to receive notice of and to vote at the Meeting, provided that, to the extent that: (i) a registered Shareholder has transferred the ownership of any Common Shares subsequent to the Record Date; and (ii)

the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares and demands, not later than ten days before the Meeting, that his or her name be included on the Shareholder list before the Meeting, in which case the transferee shall be entitled to vote his or her Common Shares at the Meeting.

Voting of Common Shares – Advice to Non-Registered Holders

Only registered holders of Common Shares, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, Common Shares beneficially owned by a holder (a "Non-Registered Holder") are registered either:

- a) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the Common Shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited or "CDS").

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice, this Management Proxy Circular and the instrument of proxy (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Typically, Intermediaries will use a service Corporation (such as Broadridge Financial Solutions, Inc. ("Broadridge")) to forward meeting materials to Non-Registered Holders.

Generally, Non-Registered Holders who have not waived the right to receive meeting materials will:

- a) have received as part of the Meeting Materials a voting instruction form which must be completed, signed and delivered by the Non-Registered Holder in accordance with the directions on the voting instruction form; voting instruction forms sent by Broadridge permit the completion of the voting instruction form by telephone or through Internet based voting procedures; or
- b) less typically, be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with Computershare Investor Services at the address referred to above.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies.**

Only registered Shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must in sufficient time in advance of the Meeting, arrange for their respective Intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set above.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive Compensation is required to be disclosed for (i) each Chief Executive Officer (or individual who served in a similar capacity during the most recently completed financial year), (ii) each Chief Financial Officer (or individual who served in a similar capacity during the most recently completed financial year), (iii) each of the three

most highly compensated executive officers (other than the Chief Executive Officer and the Chief Financial Officer) who were serving as executive officers at the end of the most recently completed fiscal year (or three most highly compensated individuals) and whose total compensation was, individually, more than \$150,000; and (iv) each individual who would meet the definition set forth in (iii) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year (the "Named Executive Officers").

The Named Executive Officers of the Corporation during the most recently completed financial year are Michelle Gaahgan, President and Chief Executive Officer and Henry Bromley, Chief Financial Officer. There were no other Named Executive Officers during the most recently completed financial year, as none earned in excess of \$150,000 in the financial year ended August 31, 2013.

As the Corporation does not have a compensation committee, the functions of a compensation committee are performed by the Board of Directors as a whole and the compensation of the Named Executive Officers is reviewed and approved annually by the Board of Directors.

The objective of the Board of Directors in setting compensation levels is to attract and retain individuals of high calibre to serve as officers of the Corporation, to motivate their performance in order to achieve the Corporation's strategic objectives and to align the interests of executive officers with the long-term interests of the Shareholders. These objectives are designed to ensure that the Corporation continues to grow on an absolute basis as well as to grow cash flow and earnings for Shareholders. The Board of Directors set the compensation received by Named Executive Officers so as to be generally competitive with the compensation received by persons with similar qualifications and responsibilities who are engaged by other companies of corresponding size, stage of development, having similar assets, number of employees, market capitalization and profit margin. In setting such levels, the Board of Directors rely primarily on their own experience and knowledge.

Compensation

The Corporation compensates its executive officers based on their skill and experience levels and the existing stage of development of the Corporation. Executive officers are rewarded on the basis of the skill and level of responsibility involved in their position, the individual's experience and qualifications, the Corporation's resources, industry practice, and regulatory guidelines regarding executive compensation levels.

The Board of Directors has implemented three levels of compensation to align the interests of the executive officers with those of the shareholders. First, executive officers are paid a monthly consulting fee or salary. Second, the Board of Directors awards executive officers long term incentives in the form of stock options. Finally, and only in special circumstances, the Board of Directors may award cash or share bonuses for exceptional performance that results in a significant increase in shareholder value. The Corporation does not provide pension or other benefits to the executive officers.

The base compensation of the executive officers is reviewed and set annually by the Board of Directors. The Chief Executive Officer has substantial input in setting annual compensation levels. The Chief Executive Officer is directly responsible for the financial resources and operations of the Corporation. In addition, the Chief Executive Officer and Board of Directors from time to time determine the stock option grants to be made pursuant to the incentive plan of the Corporation (the "Plan"). Previous grants of stock options are taken into account when considering new grants. The Board of Directors awards bonuses at its sole discretion. The Board of Directors does not have pre-existing performance criteria or objectives.

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

The Corporation's compensation program includes certain mechanisms to ensure risk taking behaviour falls within reasonable risk tolerance levels, including (i) the establishment of a compensation package that is competitive with the compensation received by persons with similar qualifications and responsibilities who are engaged by other companies of corresponding size, stage of development, having similar assets, number of employees, market capitalization and profit margin; and (ii) utilizing long term incentive plans (option based awards) for diversification and alignment with risk realization periods.

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

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependant on the Corporation's financial resources and prospects.

Compensation of Mr. Henry Bromley, Chief Financial Officer

The Corporation has a consulting agreement with Henry Bromley (the "Bromley Agreement"), pursuant to which Mr. Bromley provides his services to the Corporation as Chief Financial Officer. The terms of the Bromley Agreement are reviewed by the Board of Directors on an annual basis. Pursuant to the Bromley Agreement, Mr. Bromley is to receive a monthly consulting fee of \$2,000 plus GST for his services. For a summary of the compensation paid to Mr. Bromley in respect of the financial years ended August 31, 2013, August 31, 2012 and August 31, 2011, please refer to the Summary Compensation Table below.

Summary Compensation Table

The following table sets forth information concerning the total compensation paid during the years ended August 31, 2013, August 31, 2012 and August 31, 2011 to the Named Executive Officers.

Name and Principal Position	Year	Annual Compensation			Non-Equity Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
		Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Annual Incentive Plans	Long-Term Incentive Plans			
Henry Bromley ⁽¹⁾ Chief Financial Officer	2013	\$24,000	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2012	\$24,000	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	\$24,000	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Michelle Gahagan President and Chief Executive Officer	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) The table above reflects the compensation paid to Bromley Accounting Services Ltd., a company controlled by Mr. Bromley.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The Corporation's stock option plan (the "Plan") was established to provide an incentive to the directors, officers, employees, consultants and other personnel of the Corporation to achieve the longer-term objectives of the Corporation, to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation and to attract to and retain in the employ of the Corporation, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

The following is a summary of the material terms of the Plan and is qualified in its entirety by the full text of the Plan, which is attached hereto as Schedule "C":

- The number of Common Shares reserved and authorized for issuance pursuant to options granted under the Plan is 5,011,639, twenty percent (20%) of the total number of issued and outstanding shares in the Corporation as at August 25, 2010, the date on which the Corporation's shares were consolidated. However, since the Corporation is currently listed on the NEX, while the Plan remains in place, the maximum number of options that may be reserved for issuance or issued in any 12 month period is now limited to 2,505,819, ten percent (10%) of the total number of issued and outstanding shares in the Corporation.
- Under the Plan, the aggregate number of optioned Common Shares granted to any one optionee in a 12 month period must not exceed 5% of the Corporation's issued and outstanding shares. The number of optioned Common Shares granted to any one consultant in a 12 month period must not exceed 2% of the

Corporation's issued and outstanding shares. The aggregate number of optioned Common Shares granted to an optionee who is employed to provide investor relations' services must not exceed 2% of the Corporation's issued and outstanding Common Shares in any 12 month period.

- The exercise price for options granted under the Plan will not be less than the market price of the Corporation's Common Shares at the time of the grant, less applicable discounts permitted by the policies of the the TSX Venture Exchange ("TSXV").
- Options will be exercisable for a term of up to five years, subject to earlier termination in the event of the optionee's death or the cessation of the optionee's services to the Corporation.
- Upon the retirement, resignation, or termination of the optionee's employment, the optionee's options will expire ninety (90) days from the date of termination, subject to the options' date of expiration. In the case of death, the options granted to the optionee will expire twelve (12) months following the date of each, subject to the options' date of expiration.
- The options are non-assignable and not-transferable.

The following table sets forth all share-based or option-based awards outstanding at the financial year ended August 31, 2013 to the Corporation's Name Executive Officers. The table also includes awards granted before August 31, 2013 to the Corporation's Name Executive Officers:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Henry Bromley <i>Chief Financial Officer</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Michelle Gahagan <i>President and Chief Executive Officer</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth all share-based or option-based awards that vested in or were earned by the Corporation's Named Executive Officers during the financial year ended August 31, 2012.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Henry Bromley <i>Chief Financial Officer</i>	Nil	Nil	Nil
Michelle Gahagan <i>President and Chief Executive Officer</i>	Nil	Nil	Nil

Pension Plan Benefits

The Corporation does not have any defined benefit or defined contribution pension plans in place which provide for payments or benefits at, following, or in connection with retirement.

Termination and Change of Control Benefits

Pursuant to the terms of the Plan, if an optionee holds his or her option as director, employee or consultant of the Corporation and such optionee ceases to be a director, employee or consultant of the Corporation, other than by reason of death, then the optionee may exercise such part of the option as is exercisable immediately prior to the time of ceasing to be a director, employee or consultant of the Corporation within a period which is the earlier of the normal expiry date of the option and 90 days following ceasing to be a director, employee or consultant of the Corporation and all unexercised options of the optionee will immediately terminate forthwith without further notice.

If an optionee engaged in investor relations activities ceases to be employed to perform investor relations activities, other than by reason of death, then the optionee may exercise such part of the option as is exercisable immediately prior to the time of ceasing to be employed to perform investor relations activities within a period which is the earlier of the normal expiry date of the option and 30 days following ceasing to be employed to perform investor relations activities and all unexercised options of the optionee will immediately terminate forthwith without further notice.

In the event of the death of an optionee, any options which the optionee could have exercised immediately prior to death are exercisable by the executors or personal representatives of the optionee within the earlier of the normal expiry date of the option and 12 months after the optionee's death and all unexercised options of the optionee will immediately terminate forthwith without further notice.

In the event of a consolidation or merger in which the Corporation is not the surviving company, or in the event the Common Shares are converted into securities of another entity or exchanged for other consideration, or in the event of an offer for fifty percent or more of shares being made by a third party that constitutes a take-over bid as that term is defined in the *Securities Act* (British Columbia) or would constitute a take-over bid as that term is defined in the *Securities Act* (British Columbia) but for the fact that the offeree is not in British Columbia, the Board may make such arrangements as the Board deems appropriate for the exercise of outstanding options or continuance of outstanding options.

Other than the aforementioned agreements, there are no compensatory plans, contracts or arrangements with any Named Executive Officer (including payments to be received from the Corporation or any subsidiary), which result or will result from the resignation, retirement or any other termination of employment of such Named Executive Officer or from a change of control of the Corporation or any subsidiary thereof or any change in such Named Executive Officer's responsibilities, where the Named Executive Officer is entitled to payment or other benefits.

Director Compensation

The Corporation has no standard arrangement pursuant to which directors are compensated by the Corporation for their services in their capacity as directors except for the granting from time to time of incentive stock options in accordance with the policies of the TSX Venture Exchange. The following table sets forth compensation that was paid to any director of the Corporation for the director's services as a director during the financial year ended August 31, 2013.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) ⁽¹⁾	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Michelle Gahagan	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Michael Curtis	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gerald Tuskey	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Virginia Olnick	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Share-Based Awards, Option-Based Awards and Non-Equity Incentive Plan Compensation

Incentive plan awards – Outstanding share-based awards and option-based awards

The following table sets forth all share-based or option-based awards outstanding at the financial year ended August 31, 2013 to the Corporation's directors. The table also includes awards granted before August 31, 2013 to the Corporation's directors:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Michelle Gahagan	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Michael Curtis	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gerald Tuskey	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Virginia Olnick	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Incentive plan awards – value vested or earned during the year

The following table sets forth all share-based or option-based awards that vested in or were earned by the Corporation's directors during the financial year ended August 31, 2013.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Michelle Gahagan	Nil	Nil	Nil
Michael Curtis	Nil	Nil	Nil
Gerald Tuskey	Nil	Nil	Nil
Virginia Olnick	Nil	Nil	Nil

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

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

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	-	-	5,011,639 ⁽¹⁾
Equity compensation plans not approved by securityholders	-	-	-
Total	-	-	5,011,639 ⁽¹⁾

Note:

- (1) The Plan provides that the aggregate number of securities reserved for issuance under the Plan is 5,011,639, 20% of the issued and outstanding shares of the Corporation as at August 25, 2010. However, as at the Record Date, the Corporation was listed on the NEX so while the plan remains in place only 2,505,819, 10% of the total number of issued and outstanding shares in the Corporation, may be reserved for issuance or issued in any 12 month period.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors and officers of the Corporation, any proposed management nominee for election as a director of the Corporation or any associate of any director, officer or proposed management nominee is or has been indebted to the Corporation at any time during the last completed financial year.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Management Proxy Circular, none of the informed persons of the Corporation (as defined in National Instrument 51-102), nor any proposed nominee for election as a director of the Corporation, nor any person who beneficially owns, directly or indirectly, shares carrying more than 10% of the voting rights attached to the issued shares of the Corporation, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which, in either case, has or will materially affect the Corporation and none of such persons has any material interest in any transaction proposed to be undertaken by the Corporation that will materially affect the Corporation.

CORPORATE GOVERNANCE

The British Columbia Securities Commission has issued guidelines on corporate governance disclosure for venture issuers as set out in Form 58-101F2 (the "Disclosure"). The Disclosure addresses matters relating to constitution and independence of directors, the functions to be performed by the directors of a Corporation and their committees and effectiveness and evaluation of proposed corporate governance guidelines and best practices specified by the Canadian securities regulators. The Corporation's approach to corporate governance in the context of the specific Disclosure issues outlined in Form 58-101F2 is set out in the attached Schedule "A".

AUDIT COMMITTEE

Audit Committee Charter

The Charter of the Corporation's Audit Committee is attached to this Management Proxy Circular as Schedule "B".

Composition of the Audit Committee

The following are the members of the Audit Committee:

Name	Independent	Financially literate ⁽²⁾
Michelle Gahagan	No ⁽¹⁾	Yes
Michael Curtis	Yes	Yes
Gerald Tuskey	Yes	Yes

Notes:

- (1) Michelle Gahagan is the President and Chief Executive Officer of the Corporation and therefore does not satisfy the definition of Independent, as that term is defined in National Instrument 52-110 ("NI 52-110").
- (2) As defined in National Instrument 52-110 ("NI 52-110").

Education and Experience

Michelle Gahagan – Ms. Gahagan is currently a principal of a privately-held merchant bank based in Vancouver and London. Prior to the commencement of her involvement in merchant banking seven years ago, Ms. Gahagan graduated from Queens University Law School and practiced corporate law for 20 years. Ms. Gahagan has extensive experience advising companies with respect to international tax-driven structures, mergers and acquisitions. Ms. Gahagan has successfully completed the Investment Management Certificate course and is a Qualified Person under the Financial Services Authority (UK) regime.

Michael Curtis – Mr. Curtis has more than 35 years of experience in the Canadian financial industry in areas including trading, research, corporate finance and the management of public companies. Beginning in 1972, he spent 16 years as an equity specialist on the Floor of the Toronto and Montreal Exchanges, working for Dean Witter Reynolds Inc. and later, as the chief equity trader for Prudential Bache Securities Inc., where he built a team of twelve stock and options inventory traders. He served on various committees at the Montreal Exchange and as chair of the Floor Procedures Committee. In 1988, he left Prudential Bache Securities to work in the management and development of a variety of publicly traded companies. In 1991 he became a director of Aurtec Inc., a public company trading on the Montreal Stock Exchange. In 1988, Mr. Curtis founded and became president and director of Cardwell Capital Inc., a private investment and trading corporation, which invests in small and mid capitalization public companies trading in North American markets.

Gerald Tuskey – For the past 20 years, Mr. Tuskey has worked as a self-employed corporate/securities lawyer based in Vancouver, British Columbia. Before establishing his independent practice, Mr. Tuskey was employed as an associate lawyer by firms in Calgary and Vancouver. Mr. Tuskey has 25 years experience in providing securities and corporate law counsel to a wide variety of domestic and international publicly traded clients. Mr. Tuskey is also a director of Eurasia Energy Limited (OTCBB: EUENF), Dakar Resource Corp. (TSX-V: DKR) and Opal Energy Corp. (TSX-V: OPA).

Audit Committee Oversight

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

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation 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 Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services as described below under the heading "External Auditors"; however, such engagement is with the mandate of the Audit Committee.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
2013	\$10,200	Nil	Nil	Nil
2012	\$14,500	\$1,760	Nil	Nil

Exemption

The Corporation is relying on the exemption provided in Section 6.1 of NI 52-110.

PARTICULARS OF MATTERS TO BE ACTED UPON

Financial Statements

The audited financial statements of the Corporation for the year ended August 31, 2013 and the auditors' report thereon accompanying this Management Proxy Circular will be placed before the Shareholders at the Meeting for their consideration. Shareholders who wish to receive interim financial statements are encouraged to send the enclosed notice, in the addressed envelope to Computershare Investor Services. No formal action will be taken at the Meeting to approve the financial statements, which have been approved by the Board of Directors of the Corporation in accordance with applicable corporate and securities legislation. Any questions regarding the financial statements may be brought forward at the Meeting.

Election of Directors

Advance Notice Policy

The Board of Directors of the Corporation has adopted an advance notice policy (the "Advance Notice Policy") with immediate effect. The Advance Notice Policy provides for advance notice to the Corporation in circumstances where nominations of persons for election to the Board of Directors are made by Shareholders of the Corporation other than pursuant to (i) a requisition of a meeting made pursuant to the provisions of the *Business Corporations Act* (British Columbia) or (ii) a shareholder proposal made pursuant to the provisions of the *Business Corporations Act* (British Columbia).

The purpose of the Advance Notice Policy is to ensure that all Shareholders - including those participating in a meeting by proxy rather than in person - receive adequate notice of the nominations to be considered at a meeting and can thereby exercise their voting rights in an informed manner. Among other things, the Advance Notice Policy fixes a deadline by which holders of Common Shares must submit director nominations to the Corporation prior to any annual or special meeting of Shareholders and sets forth the minimum information that a Shareholder must include in the notice to the Corporation for the notice to be in proper written form.

The Board of Directors intends to place the provisions of the Advance Notice Policy before the Shareholders of the Corporation as an amendment to the Articles of the Corporation for approval at the Meeting. If the approval of the amendment is not received at the Meeting by special resolution of Shareholders, the Advance Notice Policy will terminate and be of no further force and effect following the termination of the Meeting.

The foregoing is merely a summary of the Advance Notice Policy, is not comprehensive and is qualified by the full text of such policy which is available under the Corporation's SEDAR profile at www.sedar.com. The full text of the proposed alteration of the Articles of the Corporation to include the Advance Notice Policy is set out in Schedule "D" hereto.

As of the date of the Management Proxy Circular, the Corporation has not received notice of a nomination in compliance with the Advance Notice Policy.

Nominees

The persons named below are the nominees of management for election as directors. The term of office of each of the present directors expires at the Meeting. At the Meeting, the Shareholders will be asked to fix the number of directors of the Corporation to be elected at four members. Management of the Corporation proposes to nominate the persons named below for election as directors of the Corporation at the Meeting to serve until the next annual meeting of the Shareholders of the Corporation, unless his office is earlier vacated. All of the nominees are currently members of the Board of Directors of the Corporation.

Approval of the election of directors will require the affirmative votes of the holders of not less than half of the votes cast in respect thereof by Shareholders present in person or by proxy at the Meeting. **Unless otherwise directed, the management designees named in the accompanying instrument of proxy intend to vote in favour of the election, as directors, of the nominees whose names are set forth below.** In the event that prior to the Meeting, any vacancies occur on the slate of nominees submitted herewith, it is intended that discretionary authority will be granted to vote proxies solicited by or on behalf of management for the election of any other person or persons as directors. Management is not currently aware that any such nominees would not be willing to serve as director if elected.

The following information concerning the proposed nominees has been furnished by each of them:

Name, Residence and Present Office Held	Principal Occupation or Employment	Director Since	Number of Common Shares Beneficially Owned or Controlled and percentage of total issued and outstanding ⁽¹⁾
Michelle Gahagan ⁽²⁾ <i>Vancouver, British Columbia</i> Director	Ms. Gahagan is currently a principal in a privately-held merchant bank based in Vancouver and London. Prior to the commencement of her involvement in merchant banking seven years ago, Ms. Gahagan practiced corporate law for 20 years.	2011	Nil
Michael Curtis ⁽²⁾ <i>Montreal, Quebec</i> Director	President of Cardwell Capital Corporation, a private investment and trading company.	2010	Nil
Gerald Tuskey ⁽²⁾ <i>Vancouver, British Columbia</i> Director	Self-employed corporate and securities lawyer based in Vancouver, B.C.	2008	200,000 ⁽³⁾ 0.8%
Virginia Olnick <i>Vancouver, British Columbia</i>	Ms. Olnick is the owner of a successful business in Vancouver, BC. Ms. Olnick graduated with a Bachelor of Science Degree from UBC in 2009 and has been an active investor in the venture capital markets for over 15 years. She has completed the Canadian Securities Course as well as the Public Companies: Financing, Governance, and Compliance course from SFU.	N/A	1,300,000 5.19%

Notes:

- (1) The information as to the number of Common Shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective nominees. These figures do not include any securities that are convertible into or exercisable for Common Shares.
- (2) Member of the Audit Committee.
- (3) Held indirectly through Gerald R. Tuskey Personal Law Corporation.

Corporate Cease Trade Orders or Bankruptcies

Other than as set forth below, no director or proposed director of the Corporation is, or has been within the past ten years, a director, chief executive officer or chief financial officer of any other Corporation that, while such person was acting in that capacity:

- (i) was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the Corporation access to any exemptions under securities legislation, and that was in effect for a period of more than 30 consecutive days; or
- (ii) was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the Corporation access to any exemptions under securities legislation, that was issued after that individual ceased to be a director or chief executive officer or chief financial officer and which resulted from an event that occurred while such person was acting in a capacity as a director, chief executive officer or chief financial officer.

Mr. Michael Curtis:

- i) is currently a director and an officer of Quinto Real Capital Corporation (TSXV – QIT) (“Quinto”). Quinto, having failed to complete a Qualifying Transaction within 24 months of its listing, was suspended from trading on September 18, 2012 and has since completed a transaction and is trading.
- ii) was a director of AAER Inc. (TSXV – AAE) (“AAER”) (formerly Bolcar Energie Inc.) from August 2003 to May 2006. AAER was suspended from trading on the TSX Venture Exchange on December 14, 2005 for failure to complete a transaction. AAER has completed a transaction thereafter; and
- iv) was also a director of Next Millenium Commercial Corp. (TSXV – NM) (“Next Millenium”) (formerly Double Impact Communications Corp. which subsequently changed its name to Roadrunner Oil and Gas Inc. on July 17, 2008) from December 1992 to December 2009. On May 23, 2001, Next Millenium was suspended from trading on the TSX Venture Exchange for failure to meet tier maintenance requirements. This cease trade order issued against Next Millenium was lifted on August 18, 2003. A cease trade order was also issued against Roadrunner Oil and Gas by the British Columbia Securities Commission on September 9, 2008 for failure to file interim financial statements and Management’s Discussion & Analysis for the quarter ended June 30, 2008. This cease trade order was lifted on September 18, 2008 and the TSX Venture Exchange reinstated the company for trading effective September 30, 2008. The company is currently trading under the name LGX Oil and Gas Inc. (TSXV – OIL) following a change of name dated August 20, 2012.

No director or proposed director of the Corporation is, or has been within the past ten years, a director or executive officer of any other Corporation that, while such person was acting in that capacity, or within a year of that individual 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.

Individual Bankruptcies

No director or proposed director of the Corporation is or has, within the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Penalties or Sanctions

No director or proposed director of the Corporation 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. No director or proposed director of the Corporation 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 securityholder in deciding whether to vote for a proposed director.

Conflicts of Interest

The directors and officers of the Corporation may, from time to time, be involved with the business and operations of other mining issuers, in which case a conflict of interest may arise between their duties as officers and directors of the Corporation and as officer and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such procedures and remedies, as applicable, under the *Business Corporations Act* (British Columbia).

Appointment of Auditors

Unless otherwise directed, the management designees named in the accompanying instrument of proxy intend to vote in favor of the appointment of Davidson & Company LLP, Chartered Accountants as auditors of the Corporation, to hold office until the close of the next annual meeting, at a remuneration to be determined by the Board of Directors of the Corporation. Approval of the appointment of the auditors will require the affirmative votes of the holders of not less than half of the votes cast in respect thereof by Shareholders present in person or by proxy at the Meeting. **Unless instructed otherwise, the management designees in the accompanying Instrument of Proxy intend to vote FOR the resolution.**

Advance Notice Provision

Having adopted the Advance Notice Policy, the Board of Directors are proposing that the Articles of the Corporation be altered to include an advance notice provision (the "Advance Notice Provision"), which will: (i) facilitate orderly and efficient annual general or, where the need arises, special, meetings; (ii) ensure that all Shareholders receive adequate notice of the director nominations and sufficient information with respect to all nominees; (iii) allow the Corporation and Shareholders to evaluate all nominees' qualifications and suitability as a director of the Corporation; and (iv) allow Shareholders to register an informed vote. The full text of the proposed alteration of the Articles to include the Advance Notice Provision is set out in Schedule "D" hereto.

Purpose of the Advance Notice Provision

The purpose of the Advance Notice Provision is to provide Shareholders, directors and management of the Corporation with guidance and direction on the procedure for Shareholder nomination of directors. The Advance Notice Provision is the framework by which the Corporation seeks to fix a deadline by which holders of record of common shares of the Corporation must submit director nominations to the Corporation prior to any annual or special meeting of shareholders and sets forth the information that a Shareholder must include in the notice to the Corporation for the notice to be in proper written form.

Effect of the Advance Notice Provision

Subject only to the *Business Corporations Act* (British Columbia) (the "Act") and the Articles of the Corporation, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the Board of Directors may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors: (a) by or at the direction of the Board of Directors or an authorized officer of the Corporation, including pursuant to a notice of meeting; (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of the shareholders made in accordance with the provisions of the Act; or (c) by any person (a "Nominating Shareholder"): (i) who, at the close of business on the date of the giving of the notice provided for below in the Advance Notice Provision and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (ii) who complies with the notice procedures set forth in the Advance Notice Provision.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Corporate Secretary of the Corporation at the principal executive offices of the Corporation.

To be timely, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must be made: (a) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 40 days after the date (the "Notice Date") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made. In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above. Notwithstanding the foregoing, the Board may, in its sole discretion, waive the time periods summarized above, or otherwise waive the application, in whole or in part, of the Advance Notice Provisions.

To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must set forth as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (i) the name, age, business address and residential address of the person; (ii) the principal occupation or employment of the person; (iii) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; (iv) a statement as to whether such person would be "independent" of the Corporation (within the meaning of sections 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators, as such provisions may be amended from time to time) if elected as a director at such meeting and the reasons and basis for such determination; and (v) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined in the Advance Notice Provision in Schedule "D" hereto). In addition, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must set forth: (i) any information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined in the Advance Notice Provision in Schedule "D" hereto); and (ii) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice.

The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of the Advance Notice Provision; provided, however, that nothing in the Advance Notice Provision shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

The Advance Notice Provision will be subject to an annual review, and will reflect changes as required by securities regulatory agencies or stock exchanges, or so as to meet industry standards.

Shareholder Confirmation

Under the Articles of the Corporation and the Act, the alteration of the Corporation's Articles requires the approval of more than two-thirds of the votes cast in person or represented by proxy at the Meeting by the shareholders of the Corporation by a special resolution. Accordingly, Shareholders will be asked at the Meeting to vote on a special resolution, the text of which is contained below (the "Advance Notice Provision Resolution"), to approve the alteration of the Articles of the Corporation to include the Advance Notice Provision.

Recommendation of the Board

The Board of Directors has concluded that the Advance Notice Provision is in the best interests of the Corporation and the Shareholders. Accordingly, the Board of Directors unanimously recommends that the Shareholders ratify, confirm and approve an alteration of the Corporation's Articles by voting FOR the Advance Notice Provision Resolution at the Meeting. **Unless instructed otherwise, the management designees in the accompanying instrument of proxy intend to vote FOR the Advance Notice Provision Resolution.**

At the Meeting, Shareholders will be asked to vote on the following special resolution, with or without variation:

"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the Articles of the Corporation be altered by adding the text substantially as set forth in Schedule "D" to this management information circular and proxy statement of the Corporation dated August 22, 2014 as Article 14.12 of the Articles;
2. the Corporation be authorized to revoke this special resolution and abandon or terminate the alteration of the Articles if the Board of Directors deems it appropriate and in the best interest of the Corporation to do so without further confirmation, ratification or approval of the shareholders; and
3. any one director or officer of the Corporation be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Corporation or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing special resolutions."

Alteration of Authorized Share Structure

It is proposed that the Articles of the Corporation be altered to give the Board of Directors the authority to alter the authorized share structure of the Corporation (an "Alteration of Authorized Share Structure"). The Corporation's Articles currently require that any Alteration of Authorized Share Structure be approved by the Corporation's shareholders by special resolution. Management of the Corporation believes it to be in the best interests of the Corporation to empower the Board of Directors to alter the Corporation's authorized share capital at the discretion of the Board and therefore proposes that the Articles of the Corporation be altered.

Purpose of the Amendment to the Corporation's Articles

The purpose of the Alteration of Authorized Share Structure is to give the Board of Directors the authority to subdivide or consolidate all or any of the Corporation's unissued, or fully paid issued, shares which will enable the Corporation to act quickly, efficiently and with minimal expense to consolidate its share capital in circumstances where capital is needed. The full text of the proposed alteration of the Articles to include Alteration of Authorized Share Structure is set out in Schedule "E" hereto.

Effect of the Amendment to the Corporation's Articles

Subject to the *Business Corporations Act* (British Columbia) (the "Act"), TSX Venture Exchange policy and the Articles of the Corporation, the authorized share structure of the Corporation may be altered by way of resolution of the Board of Directors to effect a cumulative consolidation ratio of no greater than 10 to 1 over a 24 month period.

Shareholder Confirmation

Under the Articles of the Corporation and the Act, the alteration of the Corporation's Articles requires the approval of more than two-thirds of the votes cast in person or represented by proxy at the Meeting by the shareholders of the Corporation by a special resolution. Accordingly, Shareholders will be asked at the Meeting to vote on a special resolution, the text of which is contained below (the "Alteration of Authorized Share Structure"), to approve the alteration of the Articles of the Corporation to give the Board of Directors the authority to alter the authorized share structure of the Corporation.

Recommendation of the Board

The Board of Directors has concluded that the Alteration of Authorized Share Structure is in the best interests of the Corporation and the Shareholders. Accordingly, the Board of Directors unanimously recommends that the Shareholders ratify, confirm and approve an alteration of the Corporation's Articles by voting FOR the Alteration of Authorized Share Structure Resolution at the Meeting. **Unless instructed otherwise, the management designees**

in the accompanying instrument of proxy intend to vote FOR the Alteration of Authorized Share Structure Resolution.

At the Meeting, Shareholders will be asked to vote on the following special resolution, with or without variation:

"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the Articles of the Corporation be altered by adding the text substantially as set forth in Schedule "E" to this management information circular and proxy statement of the Corporation dated August 22, 2014 as Article 9.1 and 9.2 of the Articles;
2. the Corporation be authorized to revoke this special resolution and abandon or terminate the alteration of the Articles if the Board of Directors deems it appropriate and in the best interest of the Corporation to do so without further confirmation, ratification or approval of the shareholders; and
3. any one director or officer of the Corporation be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Corporation or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing special resolutions."

Other Matters to Be Acted Upon

As of the date of this Management Proxy Circular, management knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters properly come before the Meeting, the accompanying proxy will be voted on such matters in the best judgment of the person or persons voting the proxy.

MANAGEMENT CONTRACTS

The Corporation has a consulting agreement with Totobie Management Ltd. ("Totobie") pursuant to which office support services are provided and Leah Martin provides her services as Corporate Secretary. The Corporation pays \$2,500 plus GST per month to Totobie. The Bromley Agreement and the consulting agreement with Totobie, are the only management contracts in place between the Corporation and any directors or officers.

Other than as set forth above, no management functions of the Corporation or any subsidiary of the Corporation are to any substantial degree performed by a person or company other than the directors or executive officers of the Corporation.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which can be accessed at www.sedar.com. Financial information on the Corporation is provided in the comparative financial statements and management discussion and analysis of the Corporation which can also be accessed at www.sedar.com or which may be obtained upon request from the Corporation at 302 – 1620 West 8th Avenue, Vancouver, British Columbia, V6J 1V4, or via fax at (604) 639-4458.

SCHEDULE "A"

CORPORATE GOVERNANCE POLICY CORPORATE GOVERNANCE DISCLOSURE (FORM 58-101F2)

1. **Board of Directors** — Disclose how the board of directors (the board) facilitates its exercise of independent supervision over management, including
- (i) the identity of directors that are independent; and
Michael Curtis, Gerald Tuskey and Virginia Olnick
 - (ii) the identity of directors who are not independent, and the basis for that determination.
Michelle Gahagan

In determining whether a director is independent, the Corporation chiefly considers whether the director has a relationship which could, or could be perceived to interfere with the director's exercise of independent judgement.

Michelle Gahagan is currently President and Chief Executive Officer of the Corporation and therefore does not satisfy the definition of Independent as that term is defined in NI 52-110.

2. **Directorships** — If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

The directors of the Corporation are directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:

<i>Name of Director</i>	<i>Issuer</i>
<i>Michelle Gahagan</i>	<i>Declan Resources Inc. eShippers Management Ltd. Suparna Gold Corp.</i>
<i>Michael Curtis</i>	<i>Argex Silver Capital Inc. Nevado Resources Corporation Opal Energy Corp. Perisson Petroleum Corporation Quinto Real Capital Corporation</i>
<i>Gerald Tuskey</i>	<i>Dakar Resource Corp. Eurasia Energy Limited Opal Energy Corp.</i>
<i>Virginia Olnick</i>	<i>Charlotte Resources Ltd.</i>

3. **Orientation and Continuing Education** — Describe what steps, if any, the board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.

The Corporation has not developed an official orientation or training program for new directors. As required, new directors will have the opportunity to become familiar with the Corporation by meeting with other directors and its officers and employees. Orientation activities will be tailored to the particular needs and expertise of each director and the overall needs of the Board.

4. **Ethical Business Conduct** — Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.

The Corporation does not currently have a formal code of business conduct or policy in place for its directors, officers, employees and consultants. The Board believes that the Corporation's size facilitates informal review of and discussions with employees and consultants.

The Board monitors ethical conduct of the Corporation and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.

5. Nomination of Directors — Disclose what steps, if any, are taken to identify new candidates for board nomination, including:

- (i) who identifies new candidates, and
- (ii) the process of identifying new candidates.

The Board has not appointed a nominating committee as the Board fulfills these functions as a whole. When the Board identifies the need to fill a position on the Board, the Board requests that current directors forward potential candidates for consideration.

6. Compensation — Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:

- (i) who determines compensation, and

Management of the Corporation is responsible for making recommendations to the Board with respect to compensation for the directors and the CEO. The Board has the ability to adjust and approve such compensation.

- (ii) the process of determining compensation.

Market comparisons as well as evaluation of similar positions in different industries in the same geography are the criteria used in determining compensation.

7. Other Board Committees — If the board has standing committees other than the audit and compensation identify the committees and describe their function.

The Corporation does not have any other committees other than the audit committee.

8. Assessments — Disclose what steps, if any, that the board takes to satisfy itself that the board, its committees, and its individual directors are performing effectively.

The Board takes responsibility for monitoring and assessing its effectiveness and the performance of individual directors, its committees, including reviewing the Board's decision making processes and the quality of information provided by management.

SCHEDULE "B"

AUDIT COMMITTEE CHARTER

Name

There shall be a committee of the Board of Directors (the "Board") of CellStop Systems Inc. (the "Corporation") known as the Audit Committee (the "Committee").

Mandate

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

- Serve as an independent and objective party to monitor the Corporation's financial reporting and internal control system and review the Corporation's financial statements.
- Review and appraise the performance of the Corporation's external auditors.
- Provide an open avenue of communication among the Corporation's auditors, financial and senior management and the Board of Directors.

Composition

The Committee shall be comprised of three directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his independent judgment as a member of the Committee. At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Audit Committee Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Corporation's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings

The Committee shall meet a least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

- (a) Review and update the Charter annually.
- (b) Review the Corporation's financial statements, MD&A and any annual and interim earnings, press releases before the Corporation publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Corporation.
- (b) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (c) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (d) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Corporation's external auditors.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

Financial Reporting Processes

- (a) In consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (e) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (f) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (g) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (h) Review certification process.

- (i) Establish a procedure for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Other

Review any related-party transactions.

SCHEDULE "C"

2008 STOCK OPTION PLAN

SECTION 1 - PURPOSE OF THE PLAN

- 1.1 The purpose of this Stock Option Plan (the "Plan") is to provide directors, officers, employees and consultants of, and service providers to, CellStop Systems Inc. and any subsidiaries thereof (collectively, the "Corporation") with an equity interest in the Corporation through the granting of options to purchase common shares (the "Shares") of the Corporation, subject to certain conditions as hereinafter set forth, for the following purposes:
- (a) to increase the interest in the Corporation's welfare of those directors, officers, employees and Consultants who share primary responsibility for the management, growth and protection of the business of the Corporation;
 - (b) to furnish an incentive to such directors, officers, employees and Consultants to continue their services for the Corporation; and
 - (c) to provide a means through which the Corporation may attract able persons to enter its employment.
- 1.2 For the purposes of the Plan, the term "Consultant" shall mean any person or company, other than a director, officer or employee of the Corporation, engaged to provide ongoing management, consulting or other services for the Corporation or for any entity controlled by it.

SECTION 2 - ADMINISTRATION OF THE PLAN

- 2.1 The Plan shall be administered by the Board of Directors of the Corporation or, at their direction, by the Corporation's president, secretary or such other senior officer or employee as they may designate.
- 2.2 The Board of Directors of the Corporation may, from time-to-time, adopt, amend and rescind rules and regulations for carrying out the provisions and purposes of the Plan, subject to regulatory approval including (where applicable) approval of the provincial securities commissions and the TSX Venture Exchange. The interpretation, construction and application of the Plan and any provisions thereof made by the Board of Directors of the Corporation shall be final and conclusive. No director shall be liable for any action taken or for any determination made in good faith in the administration, interpretation, construction or application of the Plan.
- 2.3 The Board of Directors may make minor changes to the wording or the terms of the Plan to comply with TSX Venture Exchange rules and policies without seeking shareholder approval to these changes.

SECTION 3 - GRANTING OF OPTIONS

- 3.1 The Board of Directors of the Corporation may from time-to-time by resolution grant options to purchase Shares to, and only to, bona fide directors, officers, employees, management company employees, and / or consultants of the Corporation, provided that the total number of Shares to be issued under this Plan shall not at any one time exceed the number provided for in Section 4 hereof. The Corporation and the Board of Directors shall ensure that the employees, management company employees and / or consultants to whom options are granted are bona fide Employees, Consultants or Management Company Employees as those terms are defined in the policies of the TSX Venture Exchange and shall represent, in writing, that these persons are bona fide Employees, Consultants or Management Company Employees, if requested to do so by the TSX Venture Exchange.

- 3.2 Options may be granted by the Corporation only pursuant to resolutions of the Board of Directors.
- 3.3 Any option granted under this Plan shall be subject to the requirement that, if at any time counsel to the Corporation shall determine that the listing, registration or qualification of the Shares subject to such option upon any stock exchange or under any law or regulation of any jurisdiction, or the consent or approval of any securities commission, stock exchange or any governmental or regulatory authority or body, is necessary as a condition of, or in connection with, the grant or exercise of such option or the issuance or purchase of Shares hereunder, such option may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Board of Directors.

SECTION 4 - SHARES SUBJECT TO THE PLAN

- 4.1 The maximum number of Shares which may be eligible for issuance under this Plan at any one time, including Shares issuable upon exercise of options outstanding as of August 25, 2010, is **5,011,639** common shares.
- 4.2 The aggregate number of Shares reserved for issuance to any one optionee, whether under this Plan or any other share option agreement, option for services or share purchase plan of the Corporation, shall, unless permitted by regulatory authorities having jurisdiction and by a vote of shareholders, not exceed five percent (5%) of the aggregate number of issued and outstanding Shares of the Corporation. In the case of optionees who are consultants, the aggregate number of Shares reserved for issuance upon exercise of all consultants options shall not, unless permitted by regulatory authorities having jurisdiction and by a vote of disinterested shareholders, exceed two percent (2%) of the aggregate number of issued and outstanding Shares of the Corporation.
- 4.3 The aggregate number of Shares reserved for issuance to either any one optionee who is granted options as a consultant or to persons engaged in Investor Relations Activities shall not exceed 2% of the issued and outstanding shares in any twelve (12) month period.
- 4.4 Shares in respect of which options are not exercised, due to the expiration, termination or lapse of such options, shall be available for options to be granted thereafter pursuant to the provisions of the Plan.
- 4.5 The Corporation must obtain disinterested shareholder approval of stock options if a stock option plan, together with all of the Corporation's previously established and outstanding stock option plans or grants, could result at any time in the grant to insiders within a 12 month period, of a number of options exceeding 10% of the issued shares.
- 4.6 The Corporation must obtain disinterested shareholder approval of stock options if a stock option plan, together with all of the Corporation's previously established and outstanding stock option plans or grants, could result at any time in the number of shares reserved for issuance under stock options granted to insiders exceeding 10% of the issued shares.

SECTION 5 - OPTION PRICE

- 5.1 The option price per Share which is the subject of any option shall be fixed by the Board of Directors of the Corporation at the time of granting the option. The option price for the Share shall not be less than the Discounted Market Price of the Shares, as defined in Section 5.2 hereof.
- 5.2 The term "Discounted Market Price" shall mean the closing sale price of the Shares on the TSX Venture Exchange, less any discount which is permitted by the policies of the TSX Venture Exchange and which is agreed to by the Corporation and the person to whom options are granted.

- 5.3 The option price of existing and outstanding options granted to a person who is an insider may not be reduced unless disinterested shareholder approval to the reduction in option price is first obtained by the Corporation. This clause applies only if the optionee is an Insider at the time that the option price is proposed to be reduced.

SECTION 6 - CONDITIONS GOVERNING OPTIONS

- 6.1 Each option shall be subject to the following conditions:

(a) Employment

The granting of an option to an officer or employee shall not impose upon the Corporation any obligation to retain the optionee in its employ.

(b) Option Term

The maximum period during which an option is exercisable shall be five (5) years from the date the option is granted, after which the option shall lapse.

(c) Non-assignability of Option Rights

Each option granted hereunder is personal to the optionee and shall not be assignable or transferable by the optionee, whether voluntarily or by operation of law, except by will or by the laws of succession of the domicile of the deceased optionee. No option granted hereunder shall be pledged, charged, transferred, assigned or otherwise encumbered or disposed of on pain of nullity.

(d) Other Terms

The Board may at the time of granting options hereunder provide for additional terms and conditions which are not inconsistent with Section 6 hereof, including, without limitation, terms and conditions deferring or delaying the date at which the option may be exercised in whole or in part.

(e) Effect of Termination of Employment or Office or Death

(i) If an optionee dies or becomes, in the determination of the Board of Directors, permanently disabled, while employed by the Corporation or while a director thereof or a Consultant thereto, any option or unexercised part thereof granted to such optionee may be exercised by the optionee or the person to whom the option is transferred by will or the laws of succession and distribution only for that number of shares which he or she was entitled to acquire under the option at the time of his or her death or permanent disability, as the case may be. Such option shall be exercisable within twelve (12) months after the optionee's death or permanent disability, as the case may be, or prior to the expiration of the term of the option, whichever occurs earlier.

(ii) Upon an optionee's employment, provision of consultant's services, office or directorship with the Corporation terminating or ending otherwise than by reason of death, permanent disability or termination for cause, any option or unexercised part thereof granted to such optionee may be exercised by him or her only for that number of shares which he or she was entitled to acquire under the option at the time of such termination. Such option shall be exercisable within thirty (30) days after such termination or prior to the expiration of the term of the option, whichever occurs earlier. This expiration period can be extended to up to ninety (90) days, if permitted by the policies of the TSX-

Venture Exchange and if provided for in the option agreement between the optionee and the Corporation.

(f) Rights as a Shareholder

The optionee (or his or her personal representatives or legatees) shall have no rights whatsoever as a shareholder in respect of any Shares covered by his or her option until the date of issuance of a share certificate to him or her (or his or her personal representatives or legatees) for such Shares. Without in any way limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such share certificate is issued.

(g) Method of Exercise

Subject to the provisions of this Plan, an option granted under this Plan shall be exercisable by the optionee (or his or her personal representatives or legatees) giving notice in writing to the Transfer Agent and Registrar of the Shares of the Corporation at its registered offices in Vancouver, with a copy to the Secretary of the Corporation at its head offices, which notice shall specify the number of Shares in respect of which the option is being exercised and shall be accompanied by full payment, by cash or certified cheque, of the purchase price for the number of shares specified. Upon such exercise of the option, the Corporation shall forthwith cause the Transfer Agent and Registrar of the Shares of the Corporation to deliver to the optionee (or his or her personal representatives or legatees) a certificate in the name of the optionee representing in the aggregate such number of Shares as the optionee (or his or her personal representatives or legatees) shall have then paid for and as are specified in such written notice of exercise of option. If required by the Board of Directors by notification to the optionee, it shall be a condition of such exercise that the optionee shall represent that he or she is purchasing the Shares in respect of which the option is being exercised for investment only and not with a view to resale or distribution.

6.2 Options shall be evidenced by a share option agreement, instrument or certificate in such form not inconsistent with this Plan as the Board of Directors may from time to time determine, provided that the substance of Section 6.1 be included therein.

6.3 Notwithstanding anything else in this Plan, the options granted under the terms of this Plan shall, if required by applicable regulatory policies of the exchange on which the Corporation is listed, vest over at least an eighteen (18) months period with one quarter of the options exercisable immediately and with one-quarter (1/4) of the options granted to each optionee exercisable every six (6) months with the second one-quarter exercisable on a date six (6) months from the date of grant of the options and an additional one-quarter exercisable each six (6) month anniversary thereafter (subject to early termination of the options under Section 6.1). In the event that applicable regulatory authorities apply other vesting schedules or requirements to option exercises, the options granted under this Plan shall be subject to these other vesting schedules or requirements.

SECTION 7 - ADJUSTMENT OF SHARES SUBJECT TO THE OPTION

7.1 In the event of any subdivision of the Shares into a greater number of Shares at any time after the grant of an option to any optionee and prior to the expiration of the term of such option, the Corporation shall deliver to such optionee at the time of any subsequent exercise of his or her option in accordance with the terms hereof in lieu of the number of Shares to which he or she was theretofore entitled upon such exercise, but for the same aggregate consideration payable therefor, such number of Shares as such optionee would have held as a result of such subdivision if on the record date thereof the optionee had been the registered holder of the number of Shares to which he or she was theretofore entitled upon such exercise.

- 7.2 In the event of any consolidation of the Shares into a lesser number of Shares at any time after the grant of an option to any optionee and prior to the expiration of the term of such option, the Corporation shall deliver to such optionee at the time of any subsequent exercise of his or her option in accordance with the terms hereof in lieu of the number of Shares to which he or she was theretofore entitled upon such exercise, but for the same aggregate consideration payable therefor, such number of Shares as such optionee would have held as a result of such consolidation if on the record date thereof the optionee had been the registered holder of the number of Shares to which he or she was theretofore entitled upon such exercise.
- 7.3 If at any time after the grant of an option to any optionee and prior to the expiration of the term of such option, the Shares shall be reclassified, reorganized or otherwise changed, otherwise than as specified in paragraphs 7.1 and 7.2 or, subject to the provisions of paragraph 8.2(a) hereof, the Corporation shall consolidate, merge or amalgamate with or into another company (the corporation resulting or continuing from such consolidation, merger or amalgamation being herein called the "Successor Corporation"), the optionee shall be entitled to receive upon the subsequent exercise of his or her option in accordance with the terms hereof and shall accept in lieu of the number of Shares then subscribed for but for the same aggregate consideration payable therefor, the aggregate number of shares of the appropriate class and/or other securities of the Corporation or the Successor Corporation (as the case may be) and/or other consideration from the Corporation or the Successor Corporation (as the case may be) that the optionee would have been entitled to receive as a result of such reclassification, reorganization or other change of shares or, subject to the provisions of paragraph 8.2(a) hereof, as a result of such consolidation, merger or amalgamation, if on the record date of such reclassification, reorganization or other change of shares or the effective date of such consolidation, merger or amalgamation, as the case may be, he or she had been the registered holder of the number of Shares to which he or she was immediately theretofore entitled upon such exercise.

SECTION 8 - AMENDMENT OR DISCONTINUANCE OF THE PLAN

- 8.1 Subject to obtaining the necessary regulatory approvals, the Board of Directors may amend or discontinue this Plan at any time, provided, however, that no such amendment may adversely affect any option rights previously granted to an optionee under this Plan without the consent of the optionee, except to the extent required by law. **In particular, the Board of Directors may make minor amendments to the Plan, without seeking shareholder approval, to allow the Plan to comply with any regulatory requirements or changes to regulatory requirements, to correct minor errors in the wording of the Plan or to respond to any minor changes the regulatory authorities may request to the Plan.**
- 8.2 Notwithstanding anything contained to the contrary in this Plan or in any resolution of the Board of Directors in implementation thereof:
- (a) in the event the Corporation proposes to amalgamate, merge or consolidate with or into any other company (other than with a wholly-owned subsidiary of the Corporation) or to liquidate, dissolve or wind-up, or in the event an offer to purchase the Shares of the Corporation or any part thereof shall be made to all holders of Shares of the Corporation, the Corporation shall have the right, upon written notice thereof to each optionee holding options under this Plan, to permit the exercise of all such options within the 20-day period next following the date of such notice and to determine that upon the expiration of such 20-day period, all rights of optionees to such options or to exercise same (to the extent not theretofore exercised) shall terminate and cease to have further force or effect whatsoever;

- (b) the Board of Directors may, by resolution, advance the date on which any option may be exercised in a manner to be set forth in such resolution. The Board of Directors shall not, in the event of any such advancement, be under any obligation to advance the date on or by which any option may be exercised by any other optionee; and
- (c) the Board of Directors may, by resolution, but subject to applicable regulatory requirements, decide that any of the provisions hereof concerning the termination of an option shall not apply for any reason acceptable to the Board of Directors.

SECTION 9 - EFFECTIVE DATE OF PLAN

- 9.1 This Plan was adopted by the Board of Directors of CellStop Systems Inc. on the 10th day of December, 2007.
- 9.2 Incentive stock options granted under the terms of the Corporation's previous stock option plan are not subject to the terms of this Plan save and except that they are to be included in any calculation of the number of options outstanding under the Plan. In particular, stock options granted on a date prior to the implementation of the Plan are not subject to the vesting provisions of the Plan as they do not exceed 10% of the issued and outstanding shares of the Corporation and, as a result, are not required by the policies of the TSX-Venture Exchange to contain vesting provisions. Incentive stock options granted prior to shareholder approval of this Plan and conditional upon its receipt of shareholder approval are subject to the terms of this Plan.

SCHEDULE "D"

ALTERATIONS TO ARTICLES – ADVANCE NOTICE PROVISION

14.12 Nomination of Directors

1. Subject only to the *Business Corporations Act*, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders (but only if the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting):
 - a. by or at the direction of the board or an authorized officer of the Company, including pursuant to a notice of meeting;
 - b. by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the *Business Corporations Act* or a requisition of the shareholders made in accordance with the provisions of the *Business Corporations Act*; or
 - c. by any person (a "Nominating Shareholder"): (a) who, at the close of business on the date of the giving of the notice provided for below in this Article 14.12 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and (b) who complies with the notice procedures set forth below in this Article 14.12.
2. In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, such person must have given timely notice thereof in proper written form to the Corporate Secretary of the Company at the principal executive offices of the Company in accordance with this Article 14.12.
3. To be timely under Article 14.12 (2), a Nominating Shareholder's notice to the Corporate Secretary of the Company must be made:
 - a. in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than 40 days after the date (the "Notice Date") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
 - b. in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.
4. To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Company, under Article 14.12 (2) must set forth:
 - a. as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (a) the name, age, business address and residence address of the person, (b) the principal occupation or employment of the person, (c) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the Meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, (d) a statement as to whether such person would be "independent" of the Company (within the meaning of sections 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators, as such provisions may be amended from time to time) if elected as a director at such meeting and the reasons and basis for such

determination, and (e) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below); and

- b. as to the Nominating Shareholder giving the notice: (a) any information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws, and (b) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the Nominating Shareholder as of the record date for the Meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice.

The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

5. No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 14.12; provided, however, that nothing in this Article 14.12 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the *Business Corporations Act*. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
6. For purposes of this Article 14.12:
 - a. "**Affiliate**", when used to indicate a relationship with a person, shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified person;
 - b. "**Applicable Securities Laws**" means the *Securities Act* (British Columbia) and the equivalent legislation in the other provinces and in the territories of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each of the applicable provinces and territories of Canada;
 - c. "**Associate**", when used to indicate a relationship with a specified person, shall mean: (a) any corporation or trust of which such person owns beneficially, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all voting securities of such corporation or trust for the time being outstanding, (b) any partner of that person, (c) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity, (d) a spouse of such specified person, (e) any person of either sex with whom such specified person is living in conjugal relationship outside marriage or (f) any relative of such specified person or of a person mentioned in clauses (d) or (e) of this definition if that relative has the same residence as the specified person;
 - d. "**Derivatives Contract**" shall mean a contract between two parties (the "Receiving Party" and the "Counterparty") that is designed to expose the Receiving Party to economic benefits and risks that correspond substantially to the ownership by the Receiving Party of a number of shares in the capital of the Company or securities convertible into such shares specified or referenced in such contract (the number corresponding to such economic benefits and risks, the "Notional Securities"), regardless of whether obligations under such contract are required or permitted to be settled through the delivery of cash, shares in the capital of the Company or

securities convertible into such shares or other property, without regard to any short position under the same or any other Derivatives Contract. For the avoidance of doubt, interests in broad-based index options, broad-based index futures and broad-based publicly traded market baskets of stocks approved for trading by the appropriate governmental authority shall not be deemed to be Derivatives Contracts;

- e. **"meeting of shareholders"** shall mean such annual shareholders meeting or special shareholders meeting, whether general or not, at which one or more persons are nominated for election to the board by a Nominating Shareholder;
 - f. **"owned beneficially"** or **"owns beneficially"** means, in connection with the ownership of shares in the capital of the Company by a person, (a) any such shares as to which such person or any of such person's Affiliates or Associates owns at law or in equity, or has the right to acquire or become the owner at law or in equity, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, upon the exercise of any conversion right, exchange right or purchase right attaching to any securities, or pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (b) any such shares as to which such person or any of such person's Affiliates or Associates has the right to vote, or the right to direct the voting, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (c) any such shares which are beneficially owned, directly or indirectly, by a Counterparty (or any of such Counterparty's Affiliates or Associates) under any Derivatives Contract (without regard to any short or similar position under the same or any other Derivatives Contract) to which such person or any of such person's Affiliates or Associates is a Receiving Party; provided, however that the number of shares that a person owns beneficially pursuant to this clause (c) in connection with a particular Derivatives Contract shall not exceed the number of Notional Securities with respect to such Derivatives Contract; provided, further, that the number of securities owned beneficially by each Counterparty (including their respective Affiliates and Associates) under a Derivatives Contract shall for purposes of this clause be deemed to include all securities that are owned beneficially, directly or indirectly, by any other Counterparty (or any of such other Counterparty's Affiliates or Associates) under any Derivatives Contract to which such first Counterparty (or any of such first Counterparty's Affiliates or Associates) is a Receiving Party and this proviso shall be applied to successive Counterparties as appropriate; and (d) any such shares which are owned beneficially within the meaning of this definition by any other person with whom such person is acting jointly or in concert with respect to the Company or any of its securities; and
 - g. **"public announcement"** shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company or its agents under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com.
7. Notwithstanding any other provision to this Article 14.12, notice or any delivery given to the Corporate Secretary of the Company pursuant to this Article 14.12 may only be given by personal delivery, facsimile transmission or by email (provided that the Corporate Secretary of the Company has stipulated an email address for purposes of this notice, at such email address as stipulated from time to time), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Corporate Secretary at the address of the principal executive offices of the Company; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.
8. In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described in this Article 14.12.

9. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this Article.

SCHEDULE "E"

ALTERATION TO ARTICLES – ALTERATION OF AUTHORIZED SHARE STRUCTURE

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the *Business Corporations Act*, the Company may by directors' resolution:

- (1) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- (2) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (3) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (4) if the Company is authorized to issue shares of a class of shares with par value:
 - (a) decrease the par value of those shares; or
 - (b) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (5) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (6) alter the identifying name of any of its shares; or
- (7) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*;

9.2 Special Rights and Restrictions

Subject to the *Business Corporations Act*, the Company may by special resolution:

- (1) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- (2) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

and, if applicable, alter its Notice of Articles and, if applicable, its Articles, accordingly.