

**CELLSTOP SYSTEMS INC.**

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

**to be held on July 31, 2018 at 10:30 a.m. (Vancouver time)  
at 302 – 1620 West 8<sup>th</sup> Avenue, Vancouver, British Columbia, V6J 1V4**

**MANAGEMENT INFORMATION CIRCULAR  
AND PROXY STATEMENT**

**June 27, 2018**

**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 8<sup>th</sup> Avenue, Vancouver, British Columbia, V6J 1V4, on Tuesday July 31, 2018 at 10:30 a.m. (Vancouver time) for the following purposes:

1. to receive and consider the financial statements of the Corporation as at and for the years ended August 31, 2017 and 2016, 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 3 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 thought fit, to approve a resolution, in the form presented in the Circular, renewing the 20% fixed share option plan for directors, officers, employees, consultants and other personnel of the Corporation, subject to regulatory approval; and
6. 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, 9<sup>th</sup> 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](http://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 June 26, 2018 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 27<sup>th</sup> day of June, 2018.

**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 June 27, 2018)

#### 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 8<sup>th</sup> Avenue, Vancouver, British Columbia, V6J 1V4, on Tuesday, July 31, 2018 at 10:30 a.m. (Vancouver time), for the purposes set forth in the notice of annual and special 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, 9<sup>th</sup> 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](http://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 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 June 26, 2018 (the "Record Date"). As at the Record Date, there were 5,005,793 Common Shares issued and outstanding as fully paid and non-assessable.

To the knowledge of the directors and executive officers of the Corporation, there are no 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.

### **Common Shares**

The holders of Common Shares are entitled to notice of and to vote at all annual and special 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 each (i) 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 were Michelle Gahagan, President and Chief Executive Officer and Henry Bromley, Chief Financial Officer (Mr. Bromley was appointed Chief Financial Officer on July 7, 2004 and resigned on August 1, 2015). David Hughes was appointed Chief Financial Officer on August 1, 2015. There were no other Named Executive Officers during the most recently completed financial year, as no other employees earned in excess of \$150,000 in the financial year ended August 31, 2017.

### *Philosophy and Objectives*

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 relies 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 determined by the

Board of Directors, if appropriate. 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 dependent on the Corporation's financial resources and prospects.

### Summary Compensation Table

The following table sets forth information concerning the total compensation paid during the years ended August 31, 2017, August 31, 2016 and August 31, 2015 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			
David Hughes(1) Chief Financial Officer	2017	\$ 4,000	Nil	Nil	Nil	Nil	Nil	Nil	\$4,000
	2016	\$ 5,000	Nil	Nil	Nil	Nil	Nil	Nil	\$5,000
Henry Bromley(1) Former Chief Financial Officer	2017	\$Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2016	\$Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2015	\$24,000	Nil	Nil	Nil	Nil	Nil	Nil	\$24,000
Michelle Gahagan President and Chief Executive Officer	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2015	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. Mr. Bromley was appointed as Chief Financial Officer on July 7, 2004 and resigned on August 1, 2015. Mr. David Hughes was appointed CFO on August 1, 2015.

## **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 1,001,159, twenty percent (20%) of the total number of issued and outstanding shares in the Corporation as at March 10, 2015, 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 500,579, 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 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, 2017 to the Corporation's Name Executive Officers. The table also includes awards granted before August 31, 2017 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 (\$)
David Hughes <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, 2017.

<b>Name</b>	<b>Option-based awards – Value vested during the year (\$)</b>	<b>Share-based awards – Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year (\$)</b>
David Hughes <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, 2017.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	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
Brian Tingle	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Virginia Olnick <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(1) Virginia Olnick resigned as a director January 20, 2017, and was replaced by Brian Tingle.

## 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, 2017 to the Corporation's directors. The table also includes awards granted before August 31, 2017 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
Brian Tingle	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Virginia Olnick <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(1) Virginia Olnick resigned as a director January 20, 2017, and was replaced by Brian Tingle.

### 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, 2017.

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
Brian Tingle	Nil	Nil	Nil
Virginia Olnick <sup>(1)</sup>	Nil	Nil	Nil

(1) Virginia Olnick resigned as a director January 20, 2017, and was replaced by Brian Tingle.

## 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	-	-	1,001,159 <sup>(1)</sup>
Equity compensation plans not approved by securityholders	-	-	-
<b>Total</b>	-	-	1,001,159 <sup>(1)</sup>

**Note:**

- (1) The Plan provides that the aggregate number of securities reserved for issuance under the Plan is 1,001,159, 20% of the issued and outstanding shares of the Corporation as at March 10, 2015. However, as at the Record Date, the Corporation was listed on the NEX so while the plan remains in place only 500,579, 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 8 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:

<b>Name</b>	<b>Independent</b>	<b>Financially literate<sup>(2)</sup></b>
Michelle Gahagan	No <sup>(1)</sup>	Yes
Michael Curtis	Yes	Yes
Brian Tingle	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***

Each member of the Audit Committee brings unique education and experience relevant to the performance of their responsibilities and duties as an Audit Committee member. This includes, but is not limited to, an understanding of the accounting principles used by the Corporation to prepare its financial statements; the ability to assess the general application of accounting principles in connection with the accounting for estimates, accruals and provisions; experience preparing, auditing, analyzing or evaluating financial statements covering a breadth and level of complexity relative to the Corporation or experience actively supervising one or more individuals engaged in such activities; and an understanding of internal controls and procedures for financial reporting.

*Michelle Gahagan* – Ms. Gahagan currently provides consulting services to public and private companies, and previously served as a principal of a privately-held merchant bank based in Vancouver and London. Prior to the commencement of her involvement in merchant banking, 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.

*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 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.

*Brian Tingle* – For the past 20 years, Mr. Tingle has worked in financing and advising public and private companies across a wide range of industries. Mr. Tingle has a bachelor of commerce degree (finance) from the Sauder School of Business (UBC).

### ***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:

- (a) exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*);
- (b) exemption in Subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*);
- (c) exemption in Subsection 6.1.1(5) (*Events Outside Control of Member*);
- (d) exemption in Subsection 6.1.1(6) (*Death, Incapacity or Resignation*); or
- (e) an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemption*).

### ***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:

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
2017	\$10,000	Nil	\$1,750	Nil
2016	\$8,160	Nil	\$1,750	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 years ended August 31, 2017 and 2016 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 Corporation adopted an advance notice policy on September 26, 2014 (the "Advance Notice Policy"). 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 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](http://www.sedar.com).

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 three 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:

<b>Name, Residence and Present Office Held</b>	<b>Principal Occupation or Employment</b>	<b>Director Since</b>	<b>Number of Common Shares Beneficially Owned or Controlled and percentage of total issued and outstanding<sup>(1)</sup></b>
Michelle Gahagan <sup>(2)</sup> <i>Vancouver, British Columbia</i> Director	Ms. Gahagan was a practicing lawyer for over 20 years, and currently serves as a self-employed consultant for private and public companies.	2011	Nil
Michael Curtis <sup>(2)</sup> <i>Montreal, Quebec</i> Director	President of Quinto Real Capital Corp., a publicly traded exploration company.	2010	Nil
Brian Tingle <sup>(2)</sup> <i>Vancouver, British Columbia</i> Director	Self-employed financial consultant for private and public companies.	2017	60,000 1.2%

#### **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.

#### *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 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 completed the transaction thereafter.

Mr. Michael Curtis was also a director of Next Millennium Commercial Corp. (formerly Double Impact Communications Corp. which subsequently changed its name to Roadrunner Oil and Gas Inc. on July 17, 2008). A cease trade order was issued against Roadrunner Oil and Gas Inc. by the British Columbia Securities Commission on September 9, 2008 for failure to file interim financial statements and MD&A for the quarter ended June 30, 2008. This cease trade order was lifted on September 18, 2008 and the TSX-V 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.

Mr. Michael Curtis 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.

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 have 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).

### **Approval of Share Option Plan**

The Board of Directors of the the Corporation and the shareholders previously approved the adoption of a share option plan (the “Plan”) which provides for the “rolling” grant of options to purchase up to a maximum of 20% of the issued and outstanding Common Shares of the Corporation at any given time. In accordance with TSX Venture Exchange (the “Exchange”) Policy 4.4, the Corporation is required to obtain annual approval of the Plan from its shareholders.

The Corporation is currently listed on the NEX Board of the Exchange. Shareholder and Exchange approval is not required until the Corporation graduates to Tier 2 of the Exchange; however, the Corporation chooses to seek shareholder approval at this time.

A full copy of the Plan will be available for inspection at the Meeting. The Board will also have the authority to amend the Plan to reduce, but not increase the benefits to its participants if in their discretion it is necessary or advisable in order to obtain any necessary regulatory approvals.

At the Meeting shareholders will be requested to approve the following ordinary resolution, with or without variation, that the Corporation renew the Plan and reserve up to 20% of its issued and outstanding Common Shares at any time until the next annual meeting for issuance under the Plan, subject to regulatory approval.

**“BE IT RESOLVED** that:

1. the Share Option Plan of the Corporation, which provides for the grant of options to purchase that number of Common Shares equal to up to 20% of the fixed number of issued and outstanding Common Shares of the Corporation, be and the same is ratified, confirmed and approved;
2. The Board of Directors be authorized on behalf of the Corporation to make any amendments to the Plan as may be required by regulatory authorities, without further approval of the Members of the Corporation, in order to obtain regulatory approval of the Plan; and
3. Any one director or officer of the Corporation be and he is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution.”

The Board recommends that the shareholders vote FOR the resolution approving the renewal of the Plan.

#### **Appointment of Auditors**

Unless otherwise directed, 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.**

#### **Other Matters to Be Acted Upon**

The Corporation has no active operations at this time, but is currently evaluating and analyzing various opportunities in the travel and leisure sector in which to invest its capital.

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 consulting agreement with Totobie, is the only management contract in place between the Corporation and any director or officer. Effective August 31, 2016, Leah Martin resigned as Corporate Secretary, and the consulting agreement with Totobie was cancelled.



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](http://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](http://www.sedar.com) or which may be obtained upon request from the Corporation at 302 – 1620 West 8<sup>th</sup> 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, Brian Tingle*
- (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. Moovly Media Inc. Versus Systems Inc.</i>
<i>Michael Curtis</i>	<i>Quinto Real Capital Corporation</i>
<i>Brian Tingle</i>	<i>Versus Systems Inc.</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 at 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 March 10, 2015, is **1,001,159** 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

therefore 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.

