

LORNEX CAPITAL INC.

ANNUAL GENERAL AND SPECIAL MEETING
TO BE HELD ON AUGUST 29, 2013

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING
AND
INFORMATION CIRCULAR

DATED JULY 25, 2013

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING

NOTICE IS HEREBY GIVEN that the annual general and special meeting of the shareholders of LORNE X CAPITAL INC. (the "Company") will be held at Suite 507 – 700 West Pender Street, Vancouver, British Columbia, V6C 1G8 on Thursday, August 29, 2013 at 10:00 a.m. At the meeting, the shareholders will consider resolutions to:

1. To receive the audited consolidated financial statements of the Company for the fiscal year ended December 31, 2012 (with comparative statements relating to the preceding fiscal period) together with the report of the auditors thereon;
2. To fix the number of directors at four (4);
3. To elect directors for the ensuing year;
4. To appoint the auditors for the Company for the ensuing financial year and to authorize the directors to fix the remuneration to be paid to the auditors;
5. To pass an ordinary resolution providing the required annual re-approval of the Company's Stock Option Plan;
6. To approve a resolution ratifying the Company's Advance Notice Policy as set forth in the Information Circular accompanying this Notice; and
7. To approve the transaction of such other business as may properly come before the Meeting.

All shareholders are entitled to attend and vote at the meeting in person or by proxy. The Board of Directors requests all shareholders who will not be attending the meeting in person to read, date and sign the accompanying proxy and deliver it to Computershare, Attention: Investor Services Division, 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9. If a shareholder does not deliver a proxy to Computershare by 10:00 am (Vancouver, British Columbia time) on Tuesday, August 27, 2013 (or before 48 hours, excluding Saturdays, Sundays and holidays before any adjournment of the meeting at which the proxy is to be used) then the shareholder will not be entitled to vote at the meeting by proxy. Only shareholders of record at the close of business on Thursday, July 25, 2013 will be entitled to vote at the meeting.

An information circular and a form of proxy accompany this notice.

DATED at Vancouver, British Columbia, the 25th day of July, 2013.

ON BEHALF OF THE BOARD

"Nilda Rivera"

NILDA RIVERA
CFO & Director

LORNEX CAPITAL INC.
Suite 507 – 700 West Pender Street
Vancouver, British Columbia
V6C 1G8

INFORMATION CIRCULAR
(as at July 25, 2013 except as otherwise indicated)

SOLICITATION OF PROXIES

This information circular (the “Circular”) is provided in connection with the solicitation of proxies by the management of Lornex Capital Inc. (the “Company”). The form of proxy which accompanies this Circular (the “Proxy”) is for use at the annual general and special meeting of the shareholders of the Company to be held on Thursday, August 29, 2013 (the “Meeting”), at the time and place set out in the accompanying notice of meeting (the “Notice of Meeting”). The Company will bear the cost of this solicitation. The solicitation will be made by mail, but may also be made by telephone. Advance notice of the Meeting was filed on SEDAR on July 4, 2013.

APPOINTMENT AND REVOCATION OF PROXY

The persons named in the Proxy are directors and officers of the Company. A shareholder who wishes to appoint some other person to serve as their representative at the Meeting may do so by striking out the printed name and inserting the desired person’s name in the blank space provided. The completed Proxy should be delivered to Computershare, Attention: Investor Services Division, 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, by 10:00 am, Pacific Daylight Time, on Tuesday, August 27, 2013 (or before 48 hours, excluding Saturdays, Sundays and holidays before any adjournment of the Meeting at which the Proxy is to be used).

The Proxy may be revoked by:

- (a) signing a proxy with a later date and delivering it at the time and place noted above;
- (b) signing and dating a written notice of revocation and delivering it at the time and to the place noted above; or
- (c) attending the Meeting or any adjournment of the Meeting and registering with the scrutineer as a shareholder present in person.

Provisions Relating to Voting of Proxies

The shares represented by proxy in the enclosed form will be voted by the designated holder in accordance with the direction of the shareholder appointing him. If there is no direction by the shareholder, those shares will be voted for all proposals set out in the Proxy as set out in this Circular. The Proxy gives the person named in it the discretion to vote as they see fit on any amendments or variations to matters identified in the Notice of Meeting, or any other matters which may properly come before the Meeting. At the time of printing of this Circular, the

management of the Company knows of no other matters which may come before the Meeting other than those referred to in the Notice of Meeting.

EXERCISE OF DISCRETION

If the instructions in a Proxy are certain, the shares represented thereby will be voted on any poll by the persons named in the Proxy, and, where a choice with respect to any matter to be acted upon has been specified in the Proxy, the shares represented thereby will, on a poll, be voted or withheld from voting in accordance with the specifications so made.

Where no choice has been specified by the shareholder, such shares will, on a poll, be voted in accordance with the notes to the form of Proxy.

The enclosed form of Proxy, when properly completed and delivered and not revoked, confers discretionary authority upon the persons appointed proxyholders thereunder to vote with respect to any amendments or variations of matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the time of the printing of this Information Circular, the management of the Company knows of no such amendment, variation or other matter which may be presented to the Meeting.

NON-REGISTERED HOLDERS

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are “non-registered” shareholders because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. A person is not a registered shareholder (a “Non-Registered Holder”) in respect of shares which are held either: (a) in the name of an intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP’s, RRIF’s, RESP’s and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited), of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Circular and the Proxy (collectively, the “Meeting Materials”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders. Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them.

Intermediaries will frequently use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder and must be completed, but not signed, by the Non-Registered Holder and deposited with Computershare; or
- (b) more typically, be given a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non-

Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the shares which they beneficially own. Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the Management Proxyholder named in the form and insert the Non-Registered Holder's name in the blank space provided. Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the Proxy or proxy authorization form is to be delivered.

Additional Information for Non-Registered Shareholders

This Circular and accompanying materials ("Meeting Materials") are being sent to both registered and beneficial owners of Common Shares. There are two kinds of beneficial holders of Common Shares – those who object to their name being made known to the Company (called OBOs or Objecting Beneficial Owners) and those who do not object to the Company knowing who they are (called NOBOs or Non-Objecting Beneficial Owners). Subject to provisions of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of Reporting Issuers* ("NI 54-101"), issuers may request and obtain a list of their NOBO's from intermediaries via their transfer agents. If you are a non-registered Shareholder and the Company or its agent has sent these Meeting Materials directly to you, your name and address and information about your holdings of Common Shares have been obtained in accordance with applicable securities legislation from the intermediary holding the Common Shares on your behalf.

In accordance with the requirements of applicable securities laws, the Company has distributed copies of the Meeting Materials to the clearing agencies and intermediaries for onward distribution to OBOs. As discussed above, intermediaries are required to forward the Meeting Materials to the OBOs unless in the case of certain proxy-related materials relating to routine business, the OBO has waived the right to receive such materials. As the matters related to herein are not considered routine business, OBOs will receive the Meeting Materials from the intermediaries. Should an OBO of Common Shares wish to vote at the Meeting in person, the OBO should follow the procedure in the request for voting instructions provided by or on behalf of the intermediary and request a form of legal proxy, which will grant the OBO the right to attend the Meeting and vote in person. OBOs should carefully follow the instructions of their intermediary, including those regarding when and where the completed request for voting instructions is to be delivered.

Beneficial shareholders who are OBOs will not receive the materials unless their intermediary assumes the costs of delivery.

Voting in Person

If you plan to vote in person at the Meeting:

- nominate yourself as proxyholder by printing your name in the space provided on the enclosed voting instruction form. Your vote will be counted at the Meeting so do NOT complete the voting instructions on the form;
- sign and return the form, following the instructions provided by your nominee; and
- register with the Scrutineer when you arrive at the Meeting.

You may also nominate yourself as proxyholder online, if available, by typing your name in the "Appointee" section on the electronic ballot.

If you bring your voting instruction form to the Meeting, your vote will not count. Your vote can only be counted if you have followed the instructions above and attend the Meeting and vote in person.

Your Voting Instructions

If you do not specify how you want to vote, the appointed proxyholders will vote FOR each item of business. If you appointed someone else to attend the Meeting and vote on your behalf, he or she can vote as they see fit.

If you submit your voting instructions and later wish to change them, you may re-submit your instructions prior to the cut-off time noted above. The latest instructions will be recognized as the only valid ones.

Financial Statements

The audited financial statements of the Company for the year ended December 31, 2012, together with the auditor's report on those statements (the "Financial Statements"), will be presented to the shareholders at the Meeting.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as disclosed herein, no person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting other than the election of directors and the appointment of auditors as set out herein. For the purpose of this paragraph, "Person" shall include each person: (a) who has been a director, senior officer or insider of the Company at any time since the commencement of the Company's last fiscal year; (b) who is a proposed nominee for election as a director of the Company; or (c) who is an associate or affiliate of a person included in subparagraphs (a) or (b).

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at the date of the accompanying Notice of Meeting, the Company has 7,190,622 fully paid and non-assessable common shares without par value issued and outstanding. The Company has no other classes of voting securities. All common shares in the capital of the Company are of the same class and carry the right to one vote.

Shareholders registered as at July 25, 2013 are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, no persons beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the issued and outstanding shares of each class of the Company.

ELECTION OF DIRECTORS

Management of the Company is seeking shareholder approval of an ordinary resolution to set the number of directors of the Company at four (4) for the ensuing year. The term of office of each of the present directors expires at the Meeting. The persons named below will be presented for election at the Meeting as management's nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of the Company or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the By-laws of the Company or with the provisions of the *Canada Business Corporations Act*.

The following table sets out the names of the nominees for election as directors, the country in which each is ordinarily resident, all offices of the Company now held by each of them, their principal occupations, the period of time for which each has been a director of the Company and the number of common shares of the Company beneficially owned by each, directly or indirectly, or over which control or direction is exercised, as at the date hereof.

| Name, Present Position(s) with the Company (1) and Province or State of Residence (3) | Principal Occupation (2) (3) | Date(s) Served as a Director Since | Ownership or Control Over Voting Shares Held (3) |
|---|---|------------------------------------|--|
| Nilda Rivera British Columbia, Canada Director & CFO | CFO of Sparrow Ventures Corp., December 2007 to present; CFO of Remstar Resources Ltd., June 2010 to present; CFO of Prescient Mining Corp., January 2010 to present; CFO of Metropolitan Energy Corp., November 2011 to present; CFO of Schwabo Capital Corp., December 2011 to present; CFO of Ultra Lithium Inc., May 2009 to present. | May 12, 2008 | Nil |
| Edward Kelly ⁽⁴⁾ British Columbia, Canada Director | President, CEO and Director of Inca One Resources Corp., February 2010 to present; Director of Prescient Mining Corp., March 2011 to present; Director of Ultra Lithium Inc., April 2012 to present. | October 5, 2011 | Nil |
| Jordan Shapiro British Columbia, Canada Director | President, CEO and a Director of Metropolitan Energy Corp. September 2012 to present; Director of Schwabo Capital Corp., September 2011 to present. | June 4, 2013 | Nil |

| | | | |
|--|--|-----|-----|
| Allan Larmour British Columbia, Canada New nominee | Strategic Business Planning and Investment consultant since 2009; Director of EmerGeo Solutions Worldwide Inc., July 30, 2013 to present; CEO and Vice President of Business Development of Mobidia Technology Inc., 2004 - 2009; Executive Vice President of Sales & Marketing of L3 Technology, 2000 – 2004. | N/A | Nil |
|--|--|-----|-----|

- (1) For the purposes of disclosing positions held in the Company, "Company" includes the Company and any parent or subsidiary thereof.
- (2) Unless otherwise stated above, any nominees named above have held the principal occupation or employment indicated for at least five years.
- (3) The information as to country of residence, principal occupation and number of shares beneficially owned by the nominees (directly or indirectly or over which control or direction is exercised) is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
- (4) Members of the Audit Committee.

No proposed director of the Company is or has been, within the past 10 years, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, become 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.

No proposed director of the Company has, within the past 10 years, become 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 the assets of the proposed director.

STATEMENT OF EXECUTIVE COMPENSATION

Set out below are particulars of compensation paid to the following persons (the "Named Executive Officers"):

- (a) the Company's chief executive officer ("CEO");
- (b) the Company's chief financial officer ("CFO");
- (c) each of the Company's three most highly compensated executive officers, other than the CEO and CFO, who was serving as an executive officer at the end of the most recently completed fiscal year and whose total salary and bonus exceeds \$150,000 per year; and
- (d) any additional individuals for whom disclosure would have been provided under (c) but for the fact that the individual was not serving as an executive officer of the Company at the end of the most recently completed fiscal year.

During the most recently completed fiscal year of the Company ended December 31, 2012, the Company had two Named Executive Officers, whose names and positions held within the Company are set out in the summary of compensation table below.

Compensation Discussion and Analysis

The Company's executive compensation program is comprised of base salary, annual cash bonuses, indirect compensation (benefits) and long-term incentives in the form of stock options. The Company's executive compensation practices are designed to attract and retain talented personnel capable of achieving the Company's objectives. The Company also utilizes compensation programs to motivate and reward the Company's executives for the ultimate achievement of the Company's goals. The Company makes use of complementary short-term and long-term incentive programs intended to provide fair, competitive and motivational rewards in the short-term while ensuring that executive's long-term objectives remain aligned with those of the shareholders.

The base salaries for all executives are paid within salary ranges established for each position based on scope and level of responsibility. Individual salaries within the range are determined by that executive's competence, skill level, and experience and market influences. Annual cash bonuses may be given based on subjective criteria, including the Company's ability to pay such bonuses, individual performance, the executive's contributions to achieving the Company's objectives and other competitive considerations.

Option-Based Awards

Stock options are granted pursuant to the Plan to provide an incentive to the directors, officers, employees and consultants of the Company to achieve the longer-term objectives of the Company, to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Company, and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Company. Previous grants of incentive stock options are taken into account when considering new grants.

Implementation of a new incentive stock option plan and amendments to the existing stock option plan are the responsibility of the Company's Board of Directors.

Summary of Compensation Table

The following table is a summary of compensation paid to the Named Executive Officers during the Company's financial year ended December 31, 2012, in accordance with National Instrument 51-102, Continuous Disclosure Obligations ("NI 51-102"):

| | | | | | Non-Equity Incentive Plan Compensation (\$) | | | | |
|--|------|-------------|-------------------------|--------------------------|---|---------------------------|--------------------|-----------------------------|-------------------------|
| Name and Principal Position | Year | Salary (\$) | Share-based Awards (\$) | Option-based Awards (\$) | Annual incentive plans | Long-term incentive plans | Pension Value (\$) | All other compensation (\$) | Total Compensation (\$) |
| MARC LEVY President, CEO & Director | 2012 | \$64,800 | NIL | Nil | N/A | N/A | N/A | N/A | \$64,800 |
| | 2011 | \$64,800 | NIL | \$16,727 ⁽¹⁾ | N/A | N/A | N/A | N/A | \$81,527 |
| NILDA RIVERA CFO & Director | 2012 | \$15,600 | NIL | Nil | N/A | N/A | N/A | N/A | \$15,600 |
| | 2011 | \$14,400 | NIL | \$2,201 ⁽¹⁾ | N/A | N/A | N/A | N/A | \$16,601 |

(1) The fair value of option-based awards is calculated using a Black-Scholes option pricing model using the following weighted average assumptions:

| | <u>2012</u> | <u>2011</u> |
|---------------------------------|-------------|-------------|
| Risk-free rate | 1.10% | 0.96% |
| Expected dividend yield | 0% | 0% |
| Expected stock price volatility | 114.50% | 118% |
| Expected life of options | 4.19 years | 3.17 years |

Option pricing models require the input of highly subjective assumptions, particularly as to the expected volatility of the stock. Changes in these assumptions can materially affect the fair value estimate, and therefore it is management's view that the existing models may not provide a single reliable measure of the fair value of the Company's stock option grants. The Company uses an option-pricing model because there is no market for which employee options may be freely traded. Readers are cautioned not to assume that the value derived from the model is the value that an employee might receive if the options were freely traded, nor assume that these amounts are the same as those reported for income tax purposes.

Incentive Plan Awards

Outstanding share-based awards and option-based awards

The following table sets out the outstanding share-based awards and option-based awards held by the Named Executive Officers as at December 31, 2012:

| 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 (\$) ⁽¹⁾ | Number of shares or units of share that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) |
| MARC LEVY President, CEO & Director | 66,667 | \$0.21 | September 26, 2013 | Nil | N/A | N/A |
| | 41,667 | \$0.21 | April 17, 2019 | Nil | N/A | N/A |
| | 6,667 | \$0.21 | June 14, 2020 | Nil | N/A | N/A |
| | 114,000 | \$0.21 | October 5, 2016 | Nil | N/A | N/A |
| NILDA RIVERA CFO & Director | 8,333 | \$0.21 | September 26, 2013 | Nil | N/A | N/A |
| | 8,333 | \$0.21 | April 17, 2019 | Nil | N/A | N/A |
| | 8,333 | \$0.21 | June 14, 2020 | Nil | N/A | N/A |
| | 15,000 | \$0.21 | October 5, 2016 | Nil | N/A | N/A |

(1) The closing market price of the Company's common shares on December 31, 2012 was \$0.14. None of the unexercised options were "in-the-money" as at December 31, 2012.

Incentive plan awards – value vested or earned during the year

The following table sets out the value vested or earned in incentive plan awards held by the Named Executive Officers during the financial year ended December 31, 2012:

| Name | Option-based awards – value vested during the year (\$) ⁽¹⁾ | Share-based awards – value vested during the year (\$) | Non-equity incentive plan compensation – value earned during the year (\$) |
|--|--|--|--|
| MARC LEVY President, CEO & Director | \$855 | N/A | N/A |
| NILDA RIVERA CFO & Director | \$113 | N/A | N/A |

(1) This value was determined by calculating the difference between the market price of the underlying common shares on the vesting dates and the exercise price of the options on the vesting dates. 25% of the options vested on the grant date and additional 12.5% vests every 3 months thereafter up to a period of 18 months.

See "Particulars of Matters to be Acted Upon – Annual Re-Approval of Stock Option Plan" for a summary of the terms of the Company's stock option plan.

Termination of Employment, Change in Responsibilities and Employment Contracts

No employment contract exists between the Company and the Named Executive Officers. There are no compensatory plans or arrangements with respect to the named executive officers.

resulting from the resignation, retirement or other termination of employment or from a change of control of the company.

Compensation of Directors

The Company has no arrangements, standard or otherwise, pursuant to which Directors are compensated by the Company for their services in their capacity as Directors, or for committee participation, involvement in special assignments or for services as a consultant or expert during the financial year ended December 31, 2012 or subsequently, up to and including the date of this Information Circular:

Director compensation table

The following table sets out the compensation provided to all directors of the Company, who are not Named Executive Officers, for the Company's financial year ended December 31, 2012:

| Name | Year | Fees earned (\$) | Share-based awards (\$) | Option-based awards (\$) ⁽¹⁾ | Non-equity incentive plan compensation (\$) | Pension value (\$) | All other compensation (\$) | Total (\$) |
|--------------|------|------------------|-------------------------|---|---|--------------------|-----------------------------|------------|
| MARC MORIN | 2012 | Nil | N/A | Nil | N/A | N/A | N/A | Nil |
| | 2011 | Nil | N/A | \$2,201 | N/A | N/A | N/A | \$2,201 |
| EDWARD KELLY | 2012 | Nil | N/A | Nil | N/A | N/A | N/A | Nil |
| | 2011 | Nil | N/A | \$2,935 | N/A | N/A | N/A | \$2,935 |

(1) For option-based awards, refer to the discussion in footnote 1 in the Summary of Compensation table for Named Executive Officers for the method of determining the value of option based awards.

Incentive Plan Awards

Outstanding share-based awards and option-based awards

The following table sets out the outstanding share-based awards and option-based awards held by the directors of the Company, who are not Named Executive Officers, as at December 31, 2012:

| 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 (\$) ⁽¹⁾ | Number of shares or units of share that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) |
| MARC MORIN | 8,333 | \$0.21 | April 17, 2019 | Nil | N/A | N/A |
| | 8,333 | \$0.21 | June 14, 2020 | Nil | N/A | N/A |
| | 15,000 | \$0.21 | October 5, 2016 | \$525 | N/A | N/A |
| EDWARD KELLY | 20,000 | \$0.21 | October 5, 2016 | \$700 | N/A | N/A |

(1) The closing market price of the Company's common shares on December 31, 2011 was \$0.14. None of the unexercised options were "in-the-money" as at December 31, 2012.

Incentive plan awards – value vested or earned during the year

The following table sets out the value vested or earned in incentive plan awards by the directors of the Company, who are not Named Executive Officers, during the financial year ended December 31, 2012:

| Name | Option-based awards – value vested during the year (\$)⁽¹⁾ | Share-based awards – value vested during the year (\$) | Non-equity incentive plan compensation – value earned during the year (\$) |
|--------------|--|---|---|
| MARC MORIN | \$113 | N/A | N/A |
| EDWARD KELLY | \$150 | N/A | N/A |

(1) This value was determined by calculating the difference between the market price of the underlying common shares on the vesting dates and the exercise price of the options on the vesting dates. 25% of the options vested on the grant date and additional 12.5% vests every 3 months thereafter up to a period of 18 months.

See “Particulars of Matters to be Acted Upon – Annual Re-Approval of Stock Option Plan” for a summary of the terms of the Company’s stock option plan.

Compensation of Directors

The Company has no arrangements, standard or otherwise, pursuant to which Directors are compensated by the Company for their services in their capacity as Directors, or for committee participation, involvement in special assignments or for services as a consultant or expert during the most recently completed fiscal year or subsequently, up to and including the date of this Information Circular, except as follows:

| Name | Directors’ Fees | Consulting Fees | Option Grants |
|--------------|------------------------|------------------------|----------------------|
| MARC MORIN | Nil | \$Nil | Nil |
| EDWARD KELLY | Nil | \$Nil | Nil |

Equity Compensation Plans

The following table provides information regarding the Company’s equity compensation plans which were in effect as at the fiscal year end December 31, 2012:

| Plan Category | # of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights | Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights | # of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) |
|--|--|---|--|
| Equity Compensation Plans Approved By Shareholders | 656,334 | \$0.22 | 62,733 |
| Equity Compensation Plans Not Approved By Shareholders | None | N/A | N/A |
| Total | 656,334 | \$0.22 | 62,733 |

INDEBTEDNESS OF DIRECTORS, EXECUTIVE AND SENIOR OFFICERS

During the last completed fiscal year, no director, executive officer, senior officer or nominee for director of the Company, or any of their associates, has been indebted to the Company, or any of its subsidiaries, nor has any of these individuals been indebted to another entity which indebtedness is the subject of a guarantee, support in agreement, letter of credit or other similar arrangement or understanding provided by the Company, or any of its subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as set out below or otherwise disclosed in this Circular, none of the persons who were directors or executive officers of the Company or a subsidiary of the Company at any time during the Company's last financial year, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Company, nor any associate or affiliate of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

There are no management functions of the Company which are to any substantial degree performed by a person other than the directors or executive officers of the Company.

AUDIT COMMITTEE

Audit Committee Charter

The text of the Audit Committee's Charter is attached as Schedule "A" to this Information Circular.

Composition of Audit Committee

Pursuant to National Instrument 52-110 ("NI 52-110"), *Audit Committees*, the Company is required as a venture issuer to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth below. The Company is relying on the exemption provided by section 6.1 of NI 52-110 by virtue of the fact that it is a venture issuer. Section 6.1 exempts the Company from

the requirements of Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of NI 52-110.

As at the date hereof, the Audit Committee is composed of Marc Levy, Marc Morin and Edward Kelly. All of the members of the Audit Committee are “financially literate” and Marc Morin and Edward Kelly are “independent” within the meaning of section 1.4 of NI 52-110.

Audit Committee Oversight

At no time since the commencement of the Company’s most recently completed financial year, has a recommendation of the audit committee to nominate or compensate an external auditor not been adopted by the board of directors.

Reliance on Certain Exemptions

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

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described under the heading “*Article 2 – Pre-Approval of Non-Audit Services*” of the Audit Committee Charter as set out in Schedule “A” to this Information Circular.

Audit Fees

The aggregate fees unbilled by Meyers Norris Penny LLP, Chartered Accountants, for fiscal year 2012 for audit services were approximately \$12,500 (2011: \$15,000).

Audit-Related Fees

The aggregate fees billed by Meyers Norris Penny LLP, Chartered Accountants, for fiscal year 2012 for audit and assurance and related services were approximately Nil (2011 - Nil).

Tax Fees and All Other Fees

The aggregate fees billed for tax compliance, tax advice and tax planning services by Meyers Norris Penny LLP, Chartered Accountants, for fiscal year 2012 were approximately Nil (2011 - Nil).

APPOINTMENT OF AUDITORS

Management proposes the appointment of Meyers Norris Penny, LLP, Chartered Accountants, of Vancouver, British Columbia, as auditors of the Company for the ensuing year and that the directors be authorized to fix their remuneration. Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the reappointment of Meyers Norris Penny, LLP, Chartered Accountants, as auditors of the Company. Meyers Norris Penny LLP, Chartered Accountants, were first appointed auditors of the Company on June 10, 2010.

CORPORATE GOVERNANCE DISCLOSURE

Corporate governance relates to the activities of the Board of Directors (the “Board”) of the Company, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices that are both in the interest of its shareholders and contribute to effective and efficient decision making. National Policy 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines that apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company’s practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices for Venture Issuers in Form 58-101F2, which disclosure is set out below.

Mandate of the Board

The Board is elected by and accountable to the shareholders of the Company. The mandate of the Board is to continually govern the Company and to protect and enhance the assets of the Company in the long term best interests of the shareholders. The Board will annually assess and approve a strategic plan which takes into account, among other things, the opportunities and the identification of the principal risks of the issuer’s business, and ensuring the implementation of appropriate systems to manage these risks.

Committees

The Board currently has two committees: The Audit Committee and a new Corporate Governance and Nomination Committee. The committees, their mandates and membership are discussed below.

Audit and Finance Committee

The Audit and Finance Committee’s primary purpose is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting and accounting compliance, the audit process and processes for identifying, evaluating and monitoring the management of the Company’s principal risks impacting financial reporting. The Committee also assists the Board with the oversight of financial strategies and overall risk management. The Committee provides independent communication between the Board and the external auditors.

As at the date hereof, the Audit Committee is composed of Mr. Marc Morin, Mr. Marc Levy and Mr. Edward Kelly, of whom Mr. Morin and Mr. Kelly are unrelated directors and are considered by the Board to be independent of management. All members of the audit committee are “financially literate” within the meaning of section 1.5 of NI 52-110 in that they have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

Audit Committee Oversight

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

Reliance on Certain Exemptions

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

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described under the heading "*Article 2 – Pre-Approval of Non-Audit Services*" of the Audit Committee Charter as set out in Schedule A to this Information Circular.

Corporate Governance and Nominating Committee

The role of the Corporate Governance and Nomination Committee will be to develop and recommend standards of performance for the Board, its committees and individual directors. In the event of the expansion of the Board or replacement of current directors, the Committee will be responsible for coordinating and managing the process of recruiting, interviewing and recommending candidates to the Board. As of the date hereof, the Committee is composed of Marc Levy, Marc Morin and Edward Kelly. Mr. Morin and Mr. Kelly are independent directors.

1. Board of Directors – Exercise of independent supervision over management, including the identity of directors who are independent and those that are not independent.

Mr. Edward Kelly and Mr. Jordan Shapiro are independent directors and do not exercise any management functions and are not involved in the day to day operations of the Company.

Mr. Marc Levy is a director who is not independent in that he is the President and CEO of the Company. Ms. Nilda Rivera is a director who is not independent in that she is the CFO of the Company.

2. Directorships –

| | | |
|----------------|---------------------------|------|
| Edward Kelly | Inca One Resources Corp. | TSXV |
| | Prescient Mining Corp. | TSXV |
| | Ultra Lithium Inc. | TSXV |
| Jordan Shapiro | Metropolitan Energy Corp. | TSXV |
| | Schwabo Capital Corp. | TSXV |

3. Orientation and Continuing Education – Mr. Marc Levy and Ms. Nilda Rivera were appointed on May 12, 2008, Mr. Kelly was appointed on October 5, 2011 and Mr. Shapiro was appointed on June 4, 2013. The Board does not provide any formal continuing education for directors other than as required to keep current with ongoing changes governing corporate and

securities law. Any new board member if not experienced with securities and corporate law, will be required to complete available courses for directors of public companies.

4. Ethical Business Conduct – Code – The Board has adopted a written code of business conduct and ethics applicable to directors, officers and employees of the issuer to promote integrity and to deter wrongdoing with respect to the following issues:

- (a) conflicts of interest, including transactions and agreements in respect of which a director or executive officer has a material interest which must be disclosed in writing to the board of director immediately upon becoming aware of the conflict;
- (b) protection and proper use of corporate assets and opportunities;
- (c) confidentiality of corporate information;
- (d) fair dealing with the issuer's security holders, customers, suppliers, competitors and employees;
- (e) compliance with laws, rules and regulations; and
- (f) reporting of any illegal or unethical behaviour.

Any waivers from the code that are granted for the benefit of the issuer's directors or executive officers must be granted by the Board (excluding the director seeking the waiver).

Conduct by a director or executive officer which constitutes a material departure from the code will likely constitute a "material change" within the meaning of National Instrument 51-102 *Continuous Disclosure Obligations* and the Company will issue a material change report to disclose a full description of the material change.

5. Nomination of Directors – As there are no plans to expand the Board at this time, Corporate Governance and Nominating Committee will be responsible for establishing new candidates for board nomination, including the process of identifying new candidates and the identification of new candidates.

6. Compensation – At this time, the directors are not paid any compensation for acting as directors and compensation is not contemplated at this time. Directors have been awarded incentive stock options – see page 10 "Incentive Plan Awards". The quantity and quality of the Board compensation is reviewed on an annual basis. At present, the Board is satisfied that the current compensation arrangements adequately reflect the responsibilities and risks involved in being an effective director of the Company. The number of options to be granted to any director or officer is determined by the Board as a whole, thereby providing the independent directors with significant input into compensation decisions. Given the current size and limited scope of operations of the Company, the Board does not believe that a formal compensation committee is required. At such time as, in the opinion of the Board, the size and activities of the Company and the number of management employees warrants it, the Board will consider it necessary to appoint a formal compensation committee.

7. Other Board Committees – The Board does not have standing committees other than the Audit Committee and the Corporate Governance and Nominating Committee.

8. Assessments – The Corporate Governance and Nominating Committee assumes the responsibility of assessing the effectiveness of the Board, the committees of the Board and the contribution and effectiveness of individual directors on an annual basis.

PARTICULARS OF MATTERS TO BE ACTED UPON

A. Annual Re-Approval of Stock Option Plan

Pursuant to Policy 4.4 of the TSX Venture Exchange ("TSXV"), all TSXV listed companies are required to adopt a stock option plan prior to granting incentive stock options. On June 16, 2009, the Board of Directors of the Company adopted a new Stock Option Plan (the "Plan"). The purpose of the Plan is to attract and motivate directors, senior officers, employees, consultants and others providing services to the Company and its subsidiaries, and thereby advance the Company's interests, by affording such persons with an opportunity to acquire an equity interest in the Company through the issuance of stock options. The Company is currently listed on Tier 2 of the TSXV and has adopted a "rolling" stock option plan reserving a maximum of 10% of the issued shares of the Company at the time of the stock option grant. The Shareholders last approved the Plan on June 7, 2012. As a "rolling" stock option plan, the Plan is required to be re-approved by the Shareholders each year at the Company's Annual General Meeting.

The terms of the Plan authorize the Board of Directors to grant stock options to optionees on the following terms:

1. The aggregate number of shares that may be issued pursuant to options granted under the Plan, unless otherwise approved by shareholders, may not exceed that number which is equal to 10% of the issued and outstanding shares of the Company at the time of the grant.
2. The term of any stock option will not exceed ten years.
3. If the Optionee ceases to be an Officer, Director, Employee, Consultant or Service Provider for any reason other than such Optionee's death or disability, all Stock Options held by the Optionee shall be exercisable, to the extent that such Stock Options were exercisable on the date the Optionee ceased to fall under one of the foregoing categories (the "Termination Date") for a period of 30 days following the Termination Date.
4. If the Optionee ceases to be an Officer, Director, Employee, Consultant or Service Provider because of Optionee's death or disability all Stock Options held by the Optionee shall become immediately exercisable and shall be exercisable by the Optionee, the personal representative of the Optionee's estate, or the person(s) to who the Stock Options are transferred pursuant to the Optionee's will in accordance with the laws of descent and distribution, as applicable, for a period of 12 months following the Termination Date.
5. An individual can receive Awards to purchase no more than 5% of the outstanding shares of Common Stock listed on the TSXV on a yearly basis unless the Company has obtained disinterested shareholder approval.
6. An Award to an Employee conducting Investor Relations Activities or to a Consultant is restricted to an aggregate of 2% of the Company's issued shares in any 12 month period.
7. For any Stock Options granted to Employees, Consultants or Management Company Employees, the Company represents that the Optionee is a bona fide Employee, Consultant or Management Company Employee as the case may be.

8. The Optionee must be a director, senior officer, employee, consultant or management company employee of the Company or a subsidiary of the Company at the time of grant.
9. All options are non-assignable and non-transferable.
10. An option may only be exercised while the optionee is a director, senior officer, employee, consultant or management company employee or within a period of 30 days thereafter.
11. Disinterested shareholder approval must be obtained for any reduction in the exercise price of an option if the optionee is an insider of the Company at the time of the proposed reduction.

A copy of the Plan may be inspected at the offices of the Company, Suite 507, 700 West Pender Street, Vancouver, B.C. V6C 1G8 during normal business hours at any time up to the Meeting and at the Meeting. In addition, a copy of the Plan will be mailed, free of charge, to any holder of common shares who requests a copy, in writing, from the Secretary of the Company at the address above.

Notice of options granted under the Plan must be given to the TSXV on a monthly basis. Any amendments to the Plan must also be approved by the TSXV and, if necessary, by the shareholders of the Company prior to becoming effective.

Accordingly, Shareholders will be asked to pass an ordinary resolution, in substantially the following form, to re-approve the Plan:

BE IT RESOLVED, as an Ordinary Resolution passed by a majority of shareholders, THAT

1. The Company's Stock Option Plan be and is hereby approved, ratified and confirmed.
2. All issued and outstanding stock options previously granted be and are continued under the Plan and are hereby ratified, confirmed and approved;
3. The allocation by the directors of stock options for all unallocated common shares reserved or to be reserved under the Plan be and is hereby approved, ratified and confirmed; and
4. Any one (or more) director or officer of the Company be and is hereby authorized and directed to perform all such acts, deeds and things and execute all such documents and other writings as may be required to give effect to this resolution."

B. Ratify Adoption of Advance Notice Policy

On May 15, 2013, the Board of Directors adopted a new policy that requires advance notice to the Company for nominations of directors other than by management, through a requisition for a meeting or by way of a shareholder proposal. The policy is attached to this Information Circular as Schedule "B".

The new policy is intended to: (i) facilitate an orderly and efficient annual general or, where the need arises, special meeting, process; (ii) ensure that all shareholders receive adequate notice

of the director nominations and sufficient information with respect to all nominees; and (iii) allow shareholders to register an informed vote.

Among other things, the policy fixes a deadline by which holders of record of common shares of the Company must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Company for the notice to be in proper written form.

In the case of an annual meeting of shareholders, notice to the Company must be made not less than 30 nor more than 65 days prior to the date of the annual meeting, provided that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the tenth day following such public announcement.

In the case of a special meeting of shareholders (whether or not called for other purposes), notice to the Company must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

If the Advance Notice Policy is not approved at the Meeting, the Advance Notice Policy will terminate and be of no further force or effect from and after termination of the Meeting.

Management of the Company recommends that shareholders vote in favour and unless you give other instructions, the persons named in the enclosed form of proxy intend to vote **FOR** the ordinary resolution approving adoption of the Advance Notice Policy.

“BE IT RESOLVED that:

1. The Company’s Advance Notice Policy as disclosed in the Company’s Information Circular and in the form attached as Schedule “B” to the Information Circular be and it is hereby approved, ratified and confirmed;
2. The Board be authorized on behalf of the Company to make any amendments to the Advance Notice Policy as may be required by regulatory authorities, without further approval of the shareholders of the Company, in order to ensure regulatory approval of the Advance Notice Policy;
3. The By-laws of the Company be and are hereby amended by the addition of Section 5A following Section 5, in the form attached as Schedule “B”;
4. The Board reserves the right to abandon the Advance Notice Policy should they deem it appropriate and in the best interest of the Company to do so; and
5. Any director or officer of the Company be and is hereby authorized to do all acts and things, to execute and to deliver all agreements, documents and instruments, to give all notices and to deliver, file and distribute all documents and information which such person determines to be necessary or desirable in connection with or to give effect to and carry out the foregoing resolutions.”

Additional information

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com. Additional financial information concerning the Company may be obtained by any security holder of the Company free of charge by writing to the Secretary of the Company at the Company's head office.

BOARD APPROVAL

The contents of this Circular have been approved and its mailing authorized by the directors of the Company.

DATED at Vancouver, British Columbia, the 25th day of July, 2013.

ON BEHALF OF THE BOARD,

"Nilda Rivera"

NILDA RIVERA
CFO & Director

SCHEDULE "A"

Charter of the Audit Committee of the Board of Directors of Lornex Capital Inc. (the "Company")

Article 1 – Mandate and Responsibilities

The Audit Committee is appointed by the board of directors of the Company (the "Board") to oversee the accounting and financial reporting process of the Company and audits of the financial statements of the Company. The Audit Committee's primary duties and responsibilities are to:

- (a) recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;
- (b) recommend to the Board the compensation of the external auditor;
- (c) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (d) pre-approve all non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor;
- (e) review the Company's financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information;
- (f) be satisfied that adequate procedures are in place for the review of all other public disclosure of financial information extracted or derived from the Company's financial statements, and to periodically assess the adequacy of those procedures;
- (g) establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
- (h) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

The Board and management will ensure that the Audit Committee has adequate funding to fulfill its duties and responsibilities.

Article 2 – Pre-Approval of Non-Audit Services

The Audit Committee may delegate to one or more of its members the authority to pre-approve non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor. The pre-approval of non-audit services must be presented to the Audit Committee at its first scheduled meeting following such pre-approval.

The Audit Committee may satisfy its duty to pre-approve non-audit services by adopting specific policies and procedures for the engagement of the non-audit services, provided the policies and procedures are detailed as to the particular service, the Audit Committee is informed of each non-audit service and the procedures do not include delegation of the Audit Committee's responsibilities to management.

Article 3 – External Advisors

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the external auditors as well as anyone in the organization. The Audit Committee has the ability to retain, at the Company's expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties.

Article 4 – External Auditors

The external auditors are ultimately accountable to the Audit Committee and the Board, as representatives of the shareholders. The external auditors will report directly to the Audit Committee. The Audit Committee will:

- (a) review the independence and performance of the external auditors and annually recommend to the Board the nomination of the external auditors or approve any discharge of external auditors when circumstances warrant;
- (b) approve the fees and other significant compensation to be paid to the external auditors;
- (c) on an annual basis, review and discuss with the external auditors all significant relationships they have with the Company that could impair the external auditors' independence;
- (d) review the external auditors' audit plan to see that it is sufficiently detailed and covers any significant areas of concern that the Audit Committee may have;
- (e) before or after the financial statements are issued, discuss certain matters required to be communicated to audit committees in accordance with the standards established by the Canadian Institute of Chartered Accountants;
- (f) consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in the Company's financial reporting;
- (g) resolve any disagreements between management and the external auditors regarding financial reporting;
- (h) approve in advance all audit services and any non-prohibited non-audit services to be undertaken by the external auditors for the Company; and
- (i) receive from the external auditors timely reports of:
 - (i) all critical accounting policies and practises to be used;
 - (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditors; and

- (iii) other material written communications between the external auditors and management.

Article 5 – Legal Compliance

On at least an annual basis, the Audit Committee will review with the Company's legal counsel any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations and inquiries received from regulators or governmental agencies.

Article 6 - Complaints

Individuals are strongly encouraged to approach a member of the Audit Committee with any complaints or concerns regarding accounting, internal accounting controls or auditing matters. The Audit Committee will from time to time establish procedures for the submission, receipt and treatment of such complaints and concerns. In all cases the Audit Committee will conduct a prompt, thorough and fair examination, document the situation and, if appropriate, recommend to the Board appropriate corrective action.

To the extent practicable, all complaints will be kept confidential. The Company will not condone any retaliation for a complaint made in good faith.

SCHEDULE "B"

LORNEX CAPITAL INC.

BE IT ENACTED AND IT IS HEREBY ENACTED as an amendment to By-Law No. 1 of Lornex Capital Inc. (hereinafter called the "Corporation") as follows:

ADVANCE NOTICE OF NOMINATIONS OF DIRECTORS

1. By-law No. 1 of the Corporation is hereby amended by adding the following thereto as section 5A, following section 5:

5A Nomination of Directors

Subject only to the Act and the articles, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors. Nominations of persons for election to the board 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 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 this section 5A 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 below in this section 5A:

- (a) 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 Secretary of the Corporation at the principal executive offices of the Corporation in accordance with this section 5A.
- (b) To be timely, a Nominating Shareholder's notice to the Secretary of the Corporation must be made (i) 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 50 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 (ii) in the case of a special meeting of shareholders (which is not also an annual meeting of shareholders) 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. Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this paragraph (b). 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.

- (c) To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Corporation must set forth (i) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (A) the name, age, business address and residential address of the person, (B) the principal occupation(s) or employment(s) of the person, (C) 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, and (D) 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; and (ii) as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation and any other 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. 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 an independent 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.
- (d) No person shall be eligible for election as a director unless nominated in accordance with the provisions of this section 5A; provided, however, that nothing in this section 5A 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 chairman 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.
- (e) For purposes of this section 5A, (i) "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 Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and (ii) "Applicable Securities Laws" means the applicable securities legislation of each relevant province and territory 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 commission and similar regulatory authority of each province and territory of Canada.
- (f) Notwithstanding any other provision of By-law No. 1, notice given to the Secretary of the Corporation pursuant to this section 5A may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Secretary of the Corporation for purposes of this notice), 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 Secretary at the address of the principal executive offices of the Corporation; 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.

- (g) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this section 5A.

2. By-law No. 1, as amended from time to time, and this amendment shall be read together and shall have effect, so far as practicable, as though all the provisions thereof were contained in one by-law of the Corporation. All terms contained in this by-law amendment which are defined in the By-law No. 1, as amended from time to time, shall for all purposes hereof have the meanings given to such terms in the said By-law No. 1 unless expressly stated otherwise or the context otherwise requires.