

**DIGIFONICA INTERNATIONAL INC.**  
880 - 580 Hornby Street, Vancouver, BC V6C 3B6

**INFORMATION CIRCULAR**  
(As at September 25, 2013, except as indicated)

Digifonica International Inc. (the "Company") is providing this Information Circular and a form of proxy in connection with management's solicitation of proxies for use at the annual general meeting (the "Meeting") of the Company to be held on October 30, 2013 and at any adjournments. Unless the context otherwise requires, when we refer in this Information Circular to the Company, its subsidiaries are also included. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation.

**APPOINTMENT OF PROXYHOLDER**

The purpose of a proxy is to designate persons who will vote the proxy on a shareholder's behalf in accordance with the instructions given by the shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or directors of the Company (the "Management Proxyholders").

**A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.**

**VOTING BY PROXY**

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting.** Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly.

**If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.**

**The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting.** At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

**COMPLETION AND RETURN OF PROXY**

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, Computershare Trust Company of Canada, Proxy Dept., 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M4J 2Y1, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior

to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

## **NON-REGISTERED HOLDERS**

**Only shareholders whose names appear on the records of the Company as the registered holders of shares 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 instead registered in the name of a nominee such as a brokerage firm through which they purchased the shares; bank, trust company, trustee or administrator of self-administered RRSP's, RRIF's, RESP's and similar plans; or clearing agency such as The Canadian Depository for Securities Limited (a "Nominee"). If you purchased your shares through a broker, you are likely an unregistered holder.

In accordance with securities regulatory policy, the Company has distributed copies of the Meeting materials, being the Notice of Meeting, this Information Circular and the Proxy, to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your Shares are voted at the Meeting.

If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

In addition, Canadian securities legislation now permits the Company to forward meeting materials directly to "non objecting beneficial owners". If the Company or its agent has sent these materials directly to you (instead of through a Nominee), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Nominee holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions.

The Company is sending the Meeting materials directly to non objecting beneficial owners. The Company is not using the "notice and access" delivery procedures recently established under Canadian securities legislation. The Company does not intend to pay for an intermediary to deliver to "objecting beneficial owners" the Meeting materials and Form 54-101F7 (Request for Voting Instructions Made by Intermediaries).

## **REVOCABILITY OF PROXY**

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a registered shareholder, his attorney authorized in writing or, if the registered shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares without par value (the "shares"), of which 64,558,143 shares are issued and outstanding. Persons who are registered shareholders at the close of business on September 25, 2013 will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held. The Company has only one class of shares.

To the knowledge of the directors and executive officers of the Company, no person beneficially owns, controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all shares of the Company.

## ELECTION OF DIRECTORS

The directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Shareholder approval will be sought to fix the number of directors of the Company at three (3).

The Company has an audit committee and Members of this committee are set out below.

Management of the Company proposes to nominate each of the following persons for election as a director. Information concerning such persons, as furnished by the individual nominees, is as follows:

Name, province or state and country of residence and position, if any, held in the Company	Principal occupation during the past five years	Served as director of the Company since	Number of common shares of the Company beneficially owned, directly or indirectly, or controlled or directed at present <sup>(1)</sup>
<b>GUNTHER ROEHLIG</b> <sup>(2)</sup> President & CEO, Director <i>British Columbia</i>	Businessman; President & CEO of Digifonica International Inc. and a director of a number of public companies.	October 11, 2011	2,325,521
<b>ROBERT MCMORRAN</b> <sup>(2)</sup> CFO, Director <i>British Columbia</i>	Independent Business Consultant; Chartered Accountant; President of Malaspina Consultants Inc., a private company providing accounting and administrative services to junior public companies, since 1997. Mr. McMorran is also a director and/or officer of a number of public companies.	October 11, 2011	400,000

Name, province or state and country of residence and position, if any, held in the Company	Principal occupation during the past five years	Served as director of the Company since	Number of common shares of the Company beneficially owned, directly or indirectly, or controlled or directed at present <sup>(1)</sup>
GAVIN MCMILLAN <sup>(2)</sup> Director <i>British Columbia</i>	Businessman; Director of International Sales and Digital Marketing at Macte! Labs, Inc.	September 14, 2011	300,000

Notes:

- (1) The information as to common shares beneficially owned or controlled has been provided by the nominees themselves.
- (2) A member of the Audit Committee.

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company.

Except as disclosed below, to the knowledge of the Company, no proposed director:

- (a) is, as at the date of the Information Circular, or has been, within 10 years before the date of the Information Circular, a director, chief executive officer ("CEO") or chief financial officer ("CFO") of any company (including the Company) that:
  - (i) was the subject, while the director was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
  - (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director ceased to be a director, CEO or CFO but which resulted from an event that occurred while the director was acting in the capacity as director, CEO or CFO of such company; or
- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of the Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a director; or

Merit Mining Corp. – On December 3, 2008, Merit Mining Corp., a company from which Robert McMorran had resigned his office, but of which he had within the prior 12 months been the Chief Financial Officer, filed a Notice of Intention to Make a Proposal under the Bankruptcy and Insolvency Act. On April 14, 2009, unsecured creditors approved such proposal and on May 6, 2009 the Supreme Court of British Columbia made an Order approving the same.

## **STATEMENT OF EXECUTIVE COMPENSATION**

For the purposes of this Information Circular:

- (a) “Chief Executive Officer” or “CEO” means an individual who acted as chief executive officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;
- (b) “Chief Financial Officer” or “CFO” means an individual who acted as chief financial officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;
- (c) “Named Executive Officer” or “NEO” means each of the following individuals:
  - (i) a CEO;
  - (ii) a CFO;
  - (iii) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
  - (iv) each individual who would be an NEO under paragraph (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.

### 1. Named Executive Officers

During the fiscal year ended December 31, 2012 the Corporation had two Named Executive Officers, namely, Gunther Roehlig, President and Chief Executive Officer and Robert McMorran, Chief Financial Officer.

### 2. Compensation Discussion and Analysis

In the last financial year of the Corporation, no executive officer received any salary from the Corporation. Certain executive officers received compensation for providing specific services to the Corporation as consultants.

There are no employment contracts in place for the officers of the Corporation.

In addition, NEOs are eligible under the Corporation’s Stock Option Plan (the “Plan”) to receive grants of stock options. The Plan is an important part of the Corporation’s long-term incentive strategy for its officers, permitting them to participate in any appreciation of the market value of its shares over a stated period of time. The Plan is intended to reinforce commitment to long-term growth in profitability and shareholder value. The size of stock option grants to NEOs is dependent on each officer’s level of

responsibility, authority and importance to the Corporation and the degree to which such officer's long-term contribution to the Corporation will be key to its long-term success.

Summary Compensation Table

The following table sets forth the compensation of each Named Executive Officer for each of the three most recently completed fiscal years.

Name and principal position	Year	Salary <sup>(1)</sup> (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Gunther Roehlig <i>CEO</i>	2012	Nil	Nil	Nil	Nil	Nil	Nil	30,000	30,000
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Robert McMorran <i>CFO</i>	2012	Nil	Nil	Nil	Nil	Nil	Nil	39,518 <sup>2</sup>	39,518 <sup>2</sup>
	2011	Nil	Nil	Nil	Nil	Nil	Nil	18,238 <sup>2</sup>	18,238 <sup>2</sup>
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

<sup>1</sup> January 1 to December 31, 2012.

<sup>2</sup> The compensation includes all amounts paid to a management company owned by Robert McMorran that provides accounting and administrative services to the Company. Of the amount reported for 2012, \$8,555 relate to services provided directly by Mr. McMorran. Of the amount reported for 2011, \$1,950 relate to services provided directly by Mr. McMorran

Incentive Plan Awards

*Common Share Purchase Plan*

The Corporation has in effect the Plan in order to provide effective incentives to directors, officers, senior management personnel and employees of the Corporation and to enable the Corporation to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for the Corporation's Shareholders.

*Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth particulars of all outstanding share-based and option-based awards granted to the Named Executive Officers and which were outstanding 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 <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Gunther Roehlig <i>CEO</i>	Nil	Nil	Nil	Nil	N/A	N/A
Robert McMorran <i>CFO</i>	Nil	N/A	N/A	Nil	N/A	N/A

(1) Value using the closing price of common shares of the Corporation on the Exchange on December 31, 2012 of \$0.48 per share, less the exercise price per share.

*Incentive Plan Awards – Value Vested or Earned During the Year*

The following table sets forth particulars of the value vested or earned during the year ended December 31, 2012 in respect of incentive awards to the Named Executive Officers:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plans compensation – Value earned during the year (\$)
Gunther Roehlig <i>CEO</i>	Nil	Nil	Nil
Robert McMorran <i>CFO</i>	Nil	Nil	Nil

Pension Plan Benefits

The Corporation does not have a pension plan.

Termination and Change of Control Benefits

During the year ended December 31, 2012, the Corporation did not have any contracts, agreements, plans or arrangements in place with any NEO that provides for payment following or in connection with any termination, resignation, retirement, a change of control of the Corporation or a change in an NEO's responsibilities.

Director Compensation

There are no formal arrangements under which directors were compensated by the Corporation and its subsidiaries during the most recently completed financial year for their services in their capacity as directors or consultants.

The following table sets forth particulars of all compensation paid to directors who were not Named Executive Officers during the year ended December 31, 2012:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>1</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Gavin McMillan	Nil	Nil	Nil	Nil	Nil	Nil	Nil

<sup>1</sup> The fair value of the options granted have been estimated using the Black-Scholes option-pricing model.

<sup>2</sup> Paid for consulting services rendered.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information with respect to all compensation plans under which equity securities are authorized for issuance as of December 31, 2012:

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 the securityholders	Nil	N/A	Nil
Equity compensation plans not approved by the securityholders	N/A	N/A	N/A

## INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

None of the directors or senior officers of the Company, no proposed nominee for election as a director of the Company, and no associates or affiliates of any of them, is or has been indebted to the Company at any time since the beginning of the Company's last completed financial year.

## APPOINTMENT OF AUDITORS

Management proposes the appointment of MNP 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. MNP have been the Company's auditors since 2007.

## AUDIT COMMITTEE DISCLOSURE

The Charter of the Company's Audit Committee and the other information required to be disclosed by form 52-110F2 is attached to this Information Circular as Schedule "A".

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No director or executive officer of the Company, no proposed nominee for election as a director of the Company and no associate or affiliate of any of the foregoing, has any material interest, direct or indirect, in any transaction since the commencement of the Company's last financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company other than as disclosed in a prior information circular and other than as disclosed herein.



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

None of the directors or executive officers of the Company, no management nominee for election as a director of the Company, none of the persons who have been directors or executive officers of the Company since the commencement of the Company's last completed financial year and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than as disclosed herein.

## **FINANCIAL STATEMENTS**

The audited financial statements of the Company for the period ended December 31, 2012 (the "Financial Statements"), together with the Auditor's Report thereon, will be presented to Shareholders at the Meeting. The Financial Statements and MD&A for the financial year ended December 31, 2012 together with the Auditor's Report thereon are also available on SEDAR at [www.sedar.com](http://www.sedar.com). The Notice of Meeting to shareholders, Information Circular and form of Proxy will be available from the Company's Registrar and Transfer Agent, Computershare Investor Services Inc., 510 Burrard Street, 2nd Floor, Vancouver, BC V6C 3B9, or the Company's head office located at 1750-999 West Hastings Street, Vancouver, BC V6C 2W2.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Securityholders may contact the Company by email at [groehlig@shaw.ca](mailto:groehlig@shaw.ca) to request copies of the Company's financial statements. Financial information concerning the Company is provided in the Company's comparative financial statements for its most recently completed financial year as filed on SEDAR.

## **CORPORATE GOVERNANCE**

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* the Company is required to and hereby discloses its corporate governance practices as follows.

### **Board of Directors**

The Board of Directors of the Company facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board.

Gunther Roehlig is not considered "independent" due to the fact that he is the President and CEO of the Company.

Robert McMorran is not considered "independent" due to the fact that he is the CFO of the Company.

Gavin McMillan is considered "independent" due to the fact that although he was the President and CEO of the Company within the last three years, his service was carried in an interim capacity.

### **Directorships**

To the knowledge of the Company, none of the current members of the board of directors nor any proposed director serves as a director of any other reporting issuer except as set out in the table below:

Name of Director	Reporting Issuer
Gunther Roehlig	Neoteck Solutions Inc.
	Oculus Ventures Corporation
	Inca One Metals Corp.
Robert McMorran	Archer Petroleum Corp.
	BRS Ventures Ltd.
	Citation Resources Inc.
	Encanto Potash Corp.
	Inca One Resources Corp.
	Neoteck Solutions Inc.
	Terra Nova Energy Ltd.

### **Orientation and Continuing Education**

The Board of Directors of the Company brief all new directors with the policies of the Board of Directors, and other relevant corporate and business information.

### **Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual 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 Company.

Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

## **Nomination of Directors**

The Board of Directors is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of the shareholders.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives, and a willingness to serve.

## **Compensation**

The Board of Directors conducts reviews with regard to directors' compensation once a year. To make its recommendation on directors' compensation, the Board of Directors takes into account the types of compensation and the amounts paid to directors of comparable publicly traded Canadian companies.

## **Other Board Committees**

The Board of Directors has no committees other than the Audit Committee.

## **Assessments**

The Board of Directors monitors the adequacy of information given to directors, communication between the board and management and the strategic direction and processes of the board and committees.

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

### **Ratification of 10% "Rolling" Stock Option Plan**

The Company has a "rolling" stock option plan (the "Plan") whereby a maximum of 10% of the issued shares of the Company, from time to time, may be reserved for issuance pursuant to the exercise of options. The Plan was most recently ratified by Shareholders at the last Annual General Meeting held on August 13, 2012.

There are issued and outstanding 64,558,143 shares of the Company on the date of this circular. Based on that number, there are 6,455,814 shares that may be purchased under the Plan. Currently, there are no options outstanding to purchase shares, leaving 6,455,814 options available for grant at this time.

The Plan provides that it is solely within the discretion of the Board of Directors (the "Board") to determine which directors and employees may be awarded options under the Plan. The Board may also, in its sole discretion, grant the majority of the options to insiders of the Company.

Options granted under the Plan will be for a term not exceeding ten years. Subject to such other terms or conditions that may be attached to the particular option granted, an option shall only be exercisable so long as the optionee shall continue to hold office or to be an employee or consultant of the Company and shall, unless terminated earlier, or extended by the Board, terminate at the close of business on the date which is no later than 90 calendar days after cessation of office or no later than 30 calendar days after the cessation of the person as an investor relations employee or consultant.

The options will be exercisable at a price which is not less than the Market Price (as defined in the policies of the Exchange) of the Company's shares at the time the shares are granted. The options will be non-

assignable except that they will be exercisable by the personal representative of the option holder in the event of the option holder's death.

Shares will not be issued pursuant to options granted under the Plan until they have been fully paid for. The Company will not provide financial assistance to option holders to assist them in exercising their options.

Under the policies of the TSX Venture Exchange, all "rolling" stock option plans must be approved and ratified by shareholders on an annual basis. As such, at the Meeting, the Shareholders of the Company will be asked to pass an ordinary resolution ratifying the Plan. All shareholders present at the Meeting, whether in person or by proxy, will be entitled to vote on such resolution. Unless otherwise directed, the persons named in the enclosed Proxy intend to vote for the approval of the Plan.

The text of the proposed resolution is as follows:

"IT IS RESOLVED THAT:

- (i) The Company's Stock Option Plan (the "Plan") as presented to the Meeting be and it is hereby reapproved until the next annual general meeting of the Company;
- (ii) the Board of Directors, by resolution, be authorized to make such amendments to the Plan, from time to time, as may, in its discretion, be considered appropriate, provided always that such amendments be subject to the approval of all applicable regulatory authorities; and
- (iii) any one or more of the directors or senior officers of the Company be and he or she is hereby authorized and directed to perform all such acts, deeds and things and execute, under the seal of the Company, or otherwise, all such documents and other writings, as may be required to give effect to the true intent of this Resolution."

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information about the Company is provided in the Company's comparative annual financial statements to December 31, 2012 a copy of which, together with Management's Discussion and Analysis thereon, can be found on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). Additional financial information concerning the Company may be obtained by any securityholder of the Company free of charge by contacting the Company, at 604-806-0626.

#### **OTHER MATTERS**

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

Dated at Vancouver, British Columbia, this 25<sup>th</sup> day of September, 2013.

**APPROVED BY THE BOARD OF DIRECTORS**

Gunther Roehlig, President & CEO

## **SCHEDULE “A”**

### **AUDIT COMMITTEE DISCLOSURE (FORM 52-110F2)**

#### *ITEM 1:        AUDIT COMMITTEE CHARTER*

##### **MANDATE**

The primary function of the audit committee (the “Committee”) of Digifonica International Inc. (the “Company”) 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 Company to regulatory authorities and shareholders, the Company’s systems of internal controls regarding finance and accounting and the Company’s auditing, accounting and financial reporting processes. The Committee’s primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company’s financial reporting and internal control system and review the Company’s financial statements.
- Review and appraise the performance of the Company’s external auditors (the “Auditor”).
- Provide an open avenue of communication among the Company’s auditors, management and the Board of Directors.

##### **COMPOSITION, PROCEDURES AND ORGANIZATION**

The Committee shall consist of at least three members. Each member must be a director of the Company. A majority of the members of the Committee shall not be executive officers or employees of the Company or of an affiliate of the Company. At least one (1) member of the Committee shall be financially literate. All members of the Committee who are not financially literate will work towards becoming financially literate to obtain working familiarity with basic finance and accounting practices. For the purposes of this Charter, the term “financially literate” means 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 issues that can reasonably be expected to be raised by the Company’s financial statements.

The members of the Committee shall be appointed 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. The Chair shall be financially literate.

The Board of Directors may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.

##### **MEETINGS OF THE COMMITTEE**

Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly. Unless all members are present and waive notice, or those absent waive notice before or after a meeting, the Chairman will give the Committee members 24 hours’ advance notice of each meeting and the matters to be discussed at such meeting. Notice may be given personally, by telephone, by facsimile or e-mail.

The Auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Company's annual financial statements and, if the Committee determines it to be necessary or appropriate, at any other meeting. On request by the Auditor, the Chair shall call a meeting of the Committee to consider any matter that the Auditor believes should be brought to the attention of the Committee, the Board of Directors or the shareholders of the Company.

At each meeting of the Committee, a quorum shall consist of a majority of members that are not officers or employees of the Company or of an affiliate of the Company. A member may participate in a meeting of the Committee in person or by telephone if all members participating in the meeting, whether in person or by telephone or other communications medium other than telephone are able to communicate with each other and if all members who wish to participate in the meeting agree to such participation.

The Committee may periodically meet separately with each of management and the Auditor to discuss any matters that the Committee or any of these groups believes would be appropriate to discuss privately. In addition, the Committee should meet with the Auditor and management annually to review the Company's financial statements.

The Committee may invite to its meetings any director, any manager of the Company, and any other person whom it deems appropriate to consult in order to carry out its responsibilities.

## **RESPONSIBILITIES AND DUTIES**

To fulfil its responsibilities and duties, the Committee shall:

1. Review the Company's financial statements, including any certification, report, opinion, or review rendered by the Auditor, MD&A and any annual and interim earnings press releases before the Company publicly discloses such information.
2. Review and satisfy itself that adequate procedures are in place and review the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assess the adequacy of those procedures.
3. Be directly responsible for overseeing the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting) engaged for the purpose of preparing or issuing an audit report or performing other audit review services for the Company.
4. Require the Auditor to report directly to the Committee.
5. Review annually the performance of the Auditor who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
6. Review and discuss with the Auditor any disclosed relationships or services that may impact the objectivity and independence of the Auditor.
7. Take, or recommend that the Board of Directors take, appropriate action to oversee the independence of the Auditor.
8. Recommend to the Board of Directors the external auditor to be nominated at the annual general meeting for appointment as the Auditor for the ensuing year and the compensation for the Auditors, or, if applicable, the replacement of the Auditor.

9. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external auditors of the Company.
10. Review with management and the Auditor the audit plan for the annual financial statements.
11. 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 Auditor. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - a. the aggregate amount of all such non-audit services that were not pre-approved is reasonably expected to constitute not more than 5% of the total amount of fees paid by the Company and its subsidiary entities to the Auditor during the fiscal year in which the non-audit services are provided;
  - b. such services were not recognized by the Company at the time of the engagement to be non-audit services; and
  - c. such services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee.

The Committee may delegate to one or more independent members of the Committee the authority to pre-approve non-audit services in satisfaction of the pre-approval requirement set forth in this section provided the pre-approval of non-audit services by any member to whom authority has been delegated must be presented to the Committee at its first scheduled meeting following such pre-approval.

12. In consultation with the Auditor, review with management the integrity of the Company's financial reporting process, both internal and external.
13. Consider the Auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
14. Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the Auditor and management.
15. Review significant judgments made by management in the preparation of the financial statements and the view of the Auditor as to the appropriateness of such judgments.
16. Following completion of the annual audit, review separately with management and the Auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of the work or access to required information.
17. Review any significant disagreement among management and the Auditor in connection with the preparation of the financial statements.
18. Review with the Auditor and management the extent to which changes and improvements in financial or accounting practices have been implemented.
19. Discuss with the Auditor the Auditor's perception of the Company's financial and accounting personnel, any material recommendations which the Auditor may have, the level of co-operation

which the Auditor received during the course of their review and the adequacy of their access to records, data or other requested information.

20. Maintain, review and update the 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, as set forth in Annex A attached to this Charter.
21. Perform such other duties as may be assigned to it by the Board of Directors from time to time or as may be required by applicable regulatory authorities or legislation.
22. Report regularly and on a timely basis to the Board of Directors on the matters coming before the Committee.
23. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board of Directors for approval.

## **AUTHORITY**

The Committee is authorized to:

- to seek any information it requires from any employee of the Company in order to perform its duties;
- to engage, at the Company's expense, independent legal counsel or other professional advisors in any matter within the scope of the role and duties of the Committee under this Charter;
- to set and pay compensation for any advisors engaged by the Committee; and
- to communicate directly with the internal and external auditors of the Company.

This Charter supersedes and replaces all prior charters and other terms of reference pertaining to the Committee.

### *ITEM 2: COMPOSITION OF THE AUDIT COMMITTEE*

The current members of the audit committee (the "Committee") are Gunther Roehlig, Robert McMorran and Gavin McMillan. Messrs Roehlig and McMorran are the CEO & President and CFO, respectively, of the Company and thus not considered "independent" as that term is defined in Multilateral Instrument 52-110 (the "Instrument"). Gavin McMillan previously served as CEO & President but in an interim fashion and is thus considered "independent" as that term is defined in the Instrument. All current members of the Committee are considered to be "financially literate" as that term is defined in the Instrument.

### *ITEM 3: RELEVANT EDUCATION AND EXPERIENCE*

All of the members of the Committee are considered "financially literate" as that term is defined in the Instrument, in that they have the ability to read and understand a balance sheet, an income statement, a cash flow statement and the notes attached thereto.



*ITEM 4: AUDIT COMMITTEE OVERSIGHT*

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

*ITEM 5: RELIANCE ON CERTAIN EXEMPTIONS*

Since the effective date of the Instrument, the Company has not relied on the exemptions contained in sections 2.4 or 8 of the Instrument. Section 2.4 provides an exemption from the requirement that an audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of the Instrument, in whole or in part.

*ITEM 6: PRE-APPROVAL OF POLICIES AND PROCEDURES*

Formal policies and procedures for the engagement of non-audit services have not been formulated or adopted by the Committee. Subject to the requirements of the Instrument, the engagement of non-audit services is considered by the Company's Board of Directors, and where applicable by the Committee, on a case by case basis.

*ITEM 7: EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY)*

The aggregate approximate fees charged to the Company by the external auditor in each of the last two fiscal years is as follows:

<i>Financial Year Ending</i>	<i>Audit Fees</i>	<i>Audit Related Fees</i>	<i>Tax Fees</i>	<i>All Other Fees</i>
December 31, 2012	\$20,000	\$5,000	\$nil	\$2,251
December 31, 2011	\$17,500	\$nil	\$nil	\$5,355

In respect of the most recently completed financial year, the Company is relying on the exemption set out in section 6.1 of the Instrument with respect to compliance with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of the Instrument.