



MANAGEMENT INFORMATION CIRCULAR as at May 17, 2019

This Management Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management AgraFlora Organics International Inc. (the “**Company**”) for use at the annual general meeting (the “**Meeting**”) of its shareholders to be held on **Friday, June 28, 2019** at the time and place and for the purposes set forth in the accompanying Notice of the Meeting.

In this Circular, references to “the Company”, “we” and “our” refer to AgraFlora Organics International Inc. “common shares” means common shares without par value in the capital of the Company. “Beneficial Shareholders” means shareholders who do not hold common shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to beneficial owners of common shares held as of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

Appointment of Proxyholders

The individuals named in the accompanying form of proxy (the “**Proxy**”) are officers and directors of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

The only methods by which you may appoint a person as proxy are submitting a Proxy by mail, hand delivery or fax.

Voting by Proxyholder

The persons named in the Proxy will vote or withhold from voting the common shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your common shares will be voted accordingly. The Proxy confers discretionary authority on persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors,
- (b) any amendment to or variation of any matter identified therein, and
- (c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, or where both choices have been specified, in favour or all matters described herein, the persons named in the Proxy will vote the common shares represented by the Proxy for the approval of such matter.

Notice and Access

The Company is not sending this Circular to registered or beneficial shareholders using “notice-and-access” as defined under National Instrument 54-101 (“NI 54-101”).

Registered Shareholders

Registered Shareholders may wish to vote by Proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a Proxy may do so by:

- (a) completing, dating and signing the enclosed form of Proxy and returning it to the Company’s transfer agent, Computershare Investor Services Inc. (“**Computershare**”), by mail or by hand to the 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1;
- (b) using a touch-tone phone to transmit voting choices to a toll-free number. Registered Shareholders must follow the instructions of the voice response system and refer to the enclosed Proxy form for the holder’s account number and the Proxy control number; or
- (c) using the Internet through the website of the Company’s transfer agent at www.investorvote.com. Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed Proxy form for the holder’s account number and the Proxy control number.

In all cases ensuring that the Proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

Should you wish to contact Computershare, please refer to the following:

General Shareholder Inquiries:

By phone:	1-800-564-6253
By fax:	1-866-249-7775
By email:	service@computershare.com
By regular mail:	Computershare Investor Services Inc. 100 University Avenue, 8 th Floor Toronto, Ontario, M5J 2Y1

Beneficial Shareholders

The following information is of significant importance to shareholders who do not hold common shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders (those whose names appear on the records of the Company as the registered holders of common shares).

These securityholder materials are being sent to both registered and non-registered owners of the securities of the Company. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in your request for voting instructions.

If common shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those common shares will not be registered in the shareholder’s name on the records of the Company. Such common shares will more likely be registered under the names of the shareholder’s broker or an agent of that broker. In the United States, the vast majority of such common shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

There are two kinds of beneficial owners - those who object to their name being made known to the issuers of securities which they own (called “OBOs” for “**Objecting Beneficial Owners**”) and those who do not object to the issuers of the securities they own knowing who they are (called “NOBOs” for “**Non-Objecting Beneficial Owners**”).

Pursuant to National Instrument 54-101 of the Canadian Securities Administrators, the Company is sending proxy-related materials directly to NOBOs, which materials will include a scannable Voting Instruction Form (a “VIF”). These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and Internet voting as described on the VIF itself which contain complete instructions. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

Management of the Company does not intend to pay for intermediaries to forward to OBOs under National Instrument 54-101 the proxy-related materials and Form 54-101F7 *Request for Voting Instructions Made by Intermediary*, and, in the case of an OBO, the OBO will not receive the materials unless the OBO’s intermediary assumes the cost of delivery.

Every intermediary that mails proxy-related materials to Beneficial Shareholders has its own mailing procedures and provides its own return instructions to clients. Beneficial Shareholders should follow the instructions of their intermediary carefully to ensure that their common shares are voted at the Meeting.

Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in the United States and in Canada. Broadridge mails a voting instruction form (the “**Broadridge VIF**”) which will be similar to the Proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote on your behalf. The Broadridge VIF will appoint the same persons as the Company’s Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a shareholder of the Company), other than the persons designated in the Broadridge VIF, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the Broadridge VIF. The completed Broadridge VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge’s instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. **If you receive a Broadridge VIF, you cannot use it to vote common shares directly at the Meeting – the Broadridge VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the common shares voted.**

Although as a Beneficial Shareholder you may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of your broker, you, or a person designated by you, may attend at the Meeting as proxyholder for your broker and vote your common shares in that capacity. **If you wish to attend at the Meeting and indirectly vote your common shares as proxyholder for your broker, or have a person designated by you do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the voting instruction form provided to you and return the same to your broker in accordance with the instructions provided by such broker, well in advance of the Meeting.**

Alternatively, you can request in writing that your broker send you a legal Proxy which would enable you, or a person designated by you, to attend at the Meeting and vote your common shares.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a Registered Shareholder who has given a Proxy may revoke it by:

- (a) executing a Proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Registered Shareholder or the Registered Shareholder’s authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the Proxy bearing a later date to Computershare or at the address of the registered office of the Company at Suite 804, 750 West Pender Street, Vancouver, British Columbia, V6C 2T7, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes

any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or

- (b) personally attending the Meeting and voting the Registered Shareholder's common shares.

A revocation of a Proxy will not affect a matter on which a vote is taken before the revocation.

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

No director or executive officer of the Company, nor any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors, the appointment of the auditor and as set out herein.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors (the "**Board**") of the Company has fixed May 17, 2019 as the record date (the "**Record Date**") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of Proxy in the manner and subject to the provisions described above will be entitled to vote or to have their common shares voted at the Meeting.

The Company is authorized to issue an unlimited number of common shares without par value. As of the Record Date, there were 482,922,981 common shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the common shares.

To the knowledge of the directors and executive officers of the Company, as at the Record Date, no person or corporation beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company carrying 10% or more of the voting rights attached to any class of outstanding voting securities of the Company.

The financial statements for the year ended December 31, 2018, report of the auditor were filed on www.sedar.com on May 2, 2019 and for the year ended December 31, 2017, report of auditor were filed on www.sedar.com on April 30, 2018 with the securities commissions or similar regulatory authority in British Columbia, Alberta and Ontario and are specifically incorporated by reference into, and form an integral part of, this Circular.

A copy of the financial statements incorporated herein by reference may be obtained by a shareholder upon request without charge from the Company at Suite 804, 750 West Pender Street, Vancouver, British Columbia, V6C 2T7, telephone: (604) 682-2928, or are available through the internet at www.sedar.com.

VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein. If there are more nominees for election as directors or appointment of the Company's auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled all such nominees will be declared elected or appointed by acclamation.

SETTING NUMBER OF DIRECTORS

The persons named in the enclosed Proxy intend to vote in favour of fixing the number of directors at five (5). The Board proposes that the number of directors remain at five (5). Shareholders will therefore be asked to approve an ordinary resolution that the number of directors elected be fixed at five (5).

ELECTION OF DIRECTORS

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia), each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

The following table sets out the names of management's nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment (for the five preceding years for new director nominees), the period of time during 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 each exercised control or direction, as at the Record Date.

Name of Nominee; Current Position with the Company, Province and Country of Residence	Occupation, Business or Employment ⁽¹⁾	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled ⁽¹⁾
Brandon Boddy ⁽²⁾ British Columbia, Canada <i>CEO, Chairman and Director</i>	Founding director of Auxly Cannabis Group Inc., currently a director of Bee Vectoring Technologies International Inc., founder of US Cobalt Corp. and a corporate advisory consultant for a portfolio of public and private firms.	April, 23, 2019	Nil
Christopher Hornung Ontario, Canada <i>Director</i>	Self-employed management consultant; Vice President, Kenex Manufacturing Co. since 1999; principal of AAA Heidelberg.	February 6, 2014	3,607,825
Jerry Habuda ⁽²⁾ Ontario, Canada <i>Director</i>	Retired. Former police officer with the Toronto Police Department working in the Major Crimes Unit, Northwest Drug Squad and Bail Compliance Unit; also former head of the Street Violence Task Force, 1977 to 2012.	May 6, 2016	3,362,000
Joseph Perino ⁽²⁾ Ontario, Canada <i>Director</i>	Retired. Former constable and Detective Sergeant with the Toronto Police Service, working in the Primary Response Unit, Criminal Investigation Bureau, Major Crimes Unit and Drug Investigator, 1976 to 2006.	September 23, 2016	2,002,000
Brian O'Neill British Columbia, Canada <i>Director</i>	Securities lawyer since 2009 and a partner at O'Neill Law LLP. Legal counsel for various start-up companies and companies listed on the TSXV, CSE and U.S. over-the-counter markets.	May 27, 2019	Nil

(1) The information as to principal occupation, business or employment and common shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Unless otherwise indicated, each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years. The number of common shares beneficially owned by the above nominees for directors, directly or indirectly, is based on information furnished by the nominees themselves.

(2) Member of Audit Committee.

CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES

None of the proposed directors of the Company (or any of their personal holding companies):

- (a) is, as at the date of this Circular or, has been within ten years before the date of this Circular, a director, CEO or CFO of any company, including the Company, that:

- (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or
 - (ii) was subject to an order that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO or CFO;
- (b) is, as at the date of this Circular or has been within ten years before the date of this Circular, a director or executive officer, of any company, including the Company, that while the proposed director was acting in that capacity or within a year of the proposed director 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 ten years preceding the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that proposed individual.

Within the last ten years, none of the proposed directors of the Company (or any of their personal holding companies) has been subject to:

- (a) 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
- (b) any other penalties or sanctions imposed by a court or regulatory body which would likely be considered important to a reasonable securityholder of the Company in deciding whether to vote for a proposed director.

APPOINTMENT OF AUDITOR

Dale Matheson Carr-Hilton Labonte, Chartered Accountants, of Suite 1500, 1140 West Pender Street, Vancouver, British Columbia, V6E 4G1, will be nominated at the Meeting for re-appointment as auditor of the Company at a remuneration to be fixed by the Board. Dale Matheson Carr-Hilton Labonte, Chartered Accountants, was first appointed the auditor of the Company on January 19, 2016.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 (“**NI 52-110**”) requires the Company, as a venture issuer, to disclose annually in its Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following:

The Audit Committee’s Charter

The Audit Committee has a charter. A copy of the Audit Committee charter is attached hereto as Schedule “A”.

Composition of the Audit Committee

The current members of the Audit Committee are Brandon Boddy (Chair), Jerry Habuda and Joseph Perino. All members of the Audit Committee are considered to be financially literate. Mr. Habuda and Mr. Perino are not executive officers of the Company and, therefore, are independent members of the Audit Committee. Mr. Boddy is an executive officer of the Company and is not considered to be an independent member of the Audit Committee.

A member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Company’s Board, reasonably interfere with the exercise of a member’s independent judgement.

A member of the Audit Committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company.

Relevant Education and Experience

The following describes the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member:

Brandon Boddy is a Co-Founder of Auxly Cannabis Group Inc. (“**Auxly**”), formerly Cannabis Wheaton Income Corp., and was instrumental in raising over \$300 million in capital, as well as spearheading an array of corporate development and M&A initiatives. Auxly is globally recognized as a premier vertically integrated cannabis company and at its zenith achieved a market capitalization of over \$1.8 billion.

Jerry Habuda brings over 35 years of expertise in law enforcement and specialized units. From 1977 to 2012, he served as a police officer with the Toronto Police Department. During his tenure, he was assigned to the Major Crimes Unit, investigating robberies and home invasions. He was assigned to patrol the Toronto Community Housing projects at Jane/Finch to control drug trafficking and gun violence. Mr. Habuda was with the Warrant Unit where he tracked down and arrested wanted criminals. From 1993-1997, he was assigned to the Northwest Drug Squad on undercover and surveillance work, executing narcotic search warrants. Between 2002 and 2004, Mr. Habuda headed the Street Violence Task Force, a special unit designed to curb gun and drug violence that was terrorizing the city at the time. Between 2009 and 2012, he was assigned to the Bail Compliance Unit, which was formed to track dangerous criminals with gun and drug charges while they were out on bail.

Joseph Perino has served as a member of the Toronto Police Service since 1976. Mr. Perino started his career as a uniform constable who performed various patrol duties. In 2001, Mr. Perino was promoted to Detective Sergeant. During his time as a member of the Toronto Police Service, Mr. Perino worked in several different investigative areas including the Primary Response Unit, Criminal Investigation Bureau, Major Crimes Unit and as drug investigator. Mr. Perino attained the status of expert witness due and was awarded the Exemplary Service Medal, and is the recipient of several awards from within the Toronto Police Service and from several community organizations.

Additionally, Mr. Perino obtained his degree from the University of Guelph. In 2006, he was hired as a Professor with the School of Community and Health Studies at Centennial College. Mr. Perino has also received several academic awards while a faculty member. Mr. Perino is now retired.

Each member of the Company’s present and proposed Audit Committee has adequate education and experience that is relevant to their performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) experience preparing, auditing, analyzing or evaluating 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 or experience actively supervising individuals engaged in such activities; and
- (c) an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

The Audit Committee has not made any recommendations to the Board to nominate or compensate any external auditor.

Reliance on Certain Exemptions

The Company's auditors, Dale Matheson Carr-Hilton Labonte, Chartered Accountants, have not provided any material non-audit services.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by Dale Matheson Carr-Hilton, Chartered Accountants, to the Company to ensure auditor independence. The following table outlines the fees incurred by Dale Matheson Carr-Hilton, Chartered Accountants, who were appointed auditors of the Company on January 19, 2016 for audit and non-audit services in the last two financial years:

<u>Nature of Services</u>	<u>Fees Paid to Auditor in Year Ended December 31, 2018</u>	<u>Fees Paid to Auditor in Year Ended December 31, 2017</u>
Audit Fees ⁽¹⁾	\$65,000	\$40,000
Audit-Related Fees ⁽²⁾	Nil	Nil
Tax Fees ⁽³⁾	Nil	Nil
All Other Fees ⁽⁴⁾	Nil	Nil
Total:	<u>\$65,000</u>	<u>\$40,000</u>

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

Exemption

The Company is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its Audit Committee and in respect of its reporting obligations under NI 52-110 for the years ended December 31, 2018 and 2017. This exemption exempts a "venture issuer" from the requirement to have 100% of the members of its Audit Committee independent, as would otherwise be required by NI 52-110.

CORPORATE GOVERNANCE

General

Effective June 30, 2005, National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Policy 58-201 *Corporate Governance Guidelines* ("NP 58-201") were adopted in each of the provinces and territories of Canada. NI 58-101 requires issuers to disclose the corporate governance practices that they have adopted. NP 58-201 provides guidance on corporate governance practices.

The Board believes that good corporate governance improves corporate performance and benefits all Shareholders. The Canadian Securities Administrators have adopted NI 58-201, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, the Canadian Securities Administrators have implemented NI 58-101, which prescribes certain disclosure by the Company of its corporate governance practices. This section sets out the Company's approach to corporate governance and addresses the Company's compliance with NI 58-101.

Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment.

Management has been delegated the responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company’s business in the ordinary course, managing cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board facilitates its independent supervision over management by reviewing and approving long-term strategic, business and capital plans, material contracts and business transactions, and all debt and equity financing transactions. Through its Audit Committee, the Board examines the effectiveness of the Company’s internal control processes and management information systems. The plenary Board reviews executive compensation and recommends stock option grants.

The independent members of the Board are Jerry Habuda, Joseph Perino, Christopher Hornung and Brian O’Neill. The non-independent member of the Board is Brandon Boddy, the Chairman and CEO of the Company.

The following directors of the Company are directors of other reporting issuers:

Jerry Habuda is a director of BLOX Labs Inc.

Brandon Boddy is a director of Auxly Cannabis Group Inc. and Bee Vectoring Technologies International Inc.

Orientation and Continuing Education

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company’s properties, business, technology and industry and on the responsibilities of directors.

Board meetings may also include presentations by the Company’s management and employees to give the directors additional insight into the Company’s business.

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.

Nomination of Directors

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board’s duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

Compensation

The Board determines compensation for the directors and CEO.

Other Board Committees

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

Assessments

The Board 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.

COMPENSATION OF EXECUTIVE OFFICERS

Executive Compensation

In this section “Named Executive Officer” (“NEO”) means the CEO, the CFO and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total compensation was more than \$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Company at the end of the most recently completed financial year.

During the years ended December 31, 2018 and 2017, the Company had two NEOs; Derek Ivany, the President and CEO of the Company and Christopher P. Cherry, CFO of the Company.

Compensation Discussion and Analysis

The Board has not appointed a compensation committee so the responsibilities relating to executive and director compensation, including reviewing and recommending director compensation, overseeing the Company’s base compensation structure and equity-based compensation programs, recommending compensation of the Company’s officers and employees, and evaluating the performance of officers generally and in light of annual goals and objectives, is performed by the Board as a whole.

The Board also assumes responsibility for reviewing and monitoring the long-range compensation strategy for the senior management of the Company. The Board receives independent competitive market information on compensation levels for executives.

The compensation for executives includes four components: base consulting fees, bonus (if applicable), stock options and perquisites. As a package, the compensation components are intended to satisfy the objectives of the compensation program (that is, to attract, retain and motivate qualified executives). There are no predefined or standard termination payments, change of control arrangements or employment contracts.

Philosophy and Objectives

The Company’s compensation policies and programs are designed to be competitive with similar mining exploration companies and to recognize and reward executive performance consistent with the success of the Company’s business. The compensation program for the senior management of the Company is designed to ensure that the level and form of compensation achieves certain objectives, including (a) attracting and retaining talented, qualified and effective executives, (b) motivating the short and long-term performance of these executives; and (c) better aligning their interests with those of the Company’s shareholders.

In compensating its senior management, the Company has encouraged equity participation and in furtherance thereof employs its stock option plan.

Equity Participation

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation has been accomplished through the issuance of founder’s shares and the Company’s stock option plan. Stock options are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base consulting fees and bonuses and competitive factors. The amounts and terms of options granted are determined by the Board.

Given the evolving nature of the Company’s business, the Board continues to review the overall compensation plan for senior management so as to continue to address the objectives identified above.

Option-Based Awards

On July 7, 2016, the Board adopted a 10% rolling stock option plan (the “Plan”).

The Plan provides incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. Management proposes stock option grants to the Board based on such criteria as performance, previous grants, and hiring incentives. All stock option grants require approval of the Board.

The stock option plan is administered by the Board and provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company.

See *Particulars of Matters to be Acted Upon – Approval of 10% Rolling Stock Option Plan* for further information on the Company’s stock option plan.

Summary Compensation Table

Name and Principal Positions	Year ⁽¹⁾	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation ⁽³⁾ (\$)		Pension value ⁽³⁾ (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans ⁽²⁾	Long-term incentive plans ⁽²⁾			
Derek Ivany ⁽⁴⁾ President & CEO	2018	804,500	Nil	665,618	Nil	Nil	Nil	N/A	1,470,118 ⁽⁶⁾
	2017	134,190	Nil	36,862	Nil	Nil	Nil	N/A	171,052
	2016	Nil	Nil	63,598	Nil	Nil	Nil	25,000	88,598
	2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Christopher P. Cherry ⁽⁵⁾ CFO	2018	35,100	Nil	Nil	Nil	Nil	Nil	N/A	35,100
	2017	34,704	Nil	27,741	Nil	Nil	Nil	N/A	62,445
	2016	Nil	Nil	15,900	Nil	Nil	Nil	22,849	38,749
	2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) For the financial years ended December 31.

(2) These amounts include annual non-equity incentive plan compensation, such as bonuses and discretionary amounts for the year end.

(3) These amounts include all compensation relating to defined benefit or contribution plans and include all service costs and other compensatory items.

(4) Mr. Ivany was appointed as the President, CEO and a director of the Company on April 19, 2016. Subsequent to the year ended December 31, 2018, Mr. Ivany resigned as the President, CEO and a director of the Company, effective May 20, 2019.

(5) Mr. Cherry has served as CFO of the Company since January 19, 2016.

(6) This amount includes fees paid to Mr. Ivany, Elben Capital Inc. and Equity Analytica Inc., companies owned and operated by Mr. Ivany.

Incentive Plan Awards

Outstanding Option-Based Awards

The Company currently has a 10% “rolling” stock option plan (the “Plan”). As of the Record Date, there were 36,650,000 stock options granted and outstanding under the Plan.

The following table sets out all option-based awards outstanding as at December 31, 2018 for each NEO. There were no share-based awards granted to any of the NEOs:

Option-based Awards				
Name and Principal Positions	Number of securities underlying unexercised options ⁽¹⁾	Option exercise price (\$) ⁽¹⁾	Option expiration date	Value of unexercised in-the-money options (\$) ⁽²⁾
Derek Ivany President & CEO	5,250,000 ⁽³⁾	0.168	March 29, 2020	325,500
	2,500,000 ⁽⁴⁾	0.142	October 31, 2023	220,000
Christopher P. Cherry CFO	Nil	N/A	N/A	N/A

(1) Effective November 19, 2018, the Company completed a subdivision of its common shares on the basis of 5:1. This table reflects post-subdivided figures.

(2) This amount is based on the difference between the market value of the securities underlying the options on December 31, 2018, which was \$0.23, being the last trading day of the common shares for the financial year and the exercise price of any outstanding options.

- (3) Of these 5,250,000 options, 3,750,000 are held by Elben Capital Corp., a company owned and operated by Mr. Ivany, and 1,500,000 options are held by Mr. Ivany directly.
- (4) These options are held by Equity Analytica Inc., a company owned and operated by Mr. Ivany.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out the value vested during the financial year ended December 31, 2018 for options awarded under the Plan for the NEO, as well as the value earned under non-equity incentive plans for the same period.

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 (\$)
Derek Ivany President & CEO	545,500	N/A	N/A
Christopher P. Cherry CFO	Nil	N/A	N/A

- (1) Effective November 19, 2018, the Company completed a subdivision of its common shares on the basis of 5:1. This table includes post-subdivided figures.

Termination and Change of Control Benefits

There are no compensatory plans or arrangements with respect to any NEO resulting from the resignation, retirement or any other termination of employment of the officer's employment or from a change of an NEO's responsibilities following a change in control.

Director Compensation

The Company has no standard arrangement pursuant to which directors are compensated by the Company for their services in their capacity as directors except for the granting from time to time of incentive stock options.

During the years ended December 31, 2018 and 2017, the directors who were not NEOs received the following compensation for services provided to the Company:

Name	Year ⁽¹⁾	Fees earned (\$)	Share based awards (\$)	Option based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Christopher Hornung ⁽³⁾	2018	Nil	Nil	64,596	Nil	Nil	Nil	64,596
	2017	7,500	Nil	Nil	Nil	Nil	Nil	7,500
	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Jerry Habuda ⁽⁴⁾	2018	Nil	Nil	64,596	Nil	Nil	Nil	64,596
	2017	7,500	Nil	Nil	Nil	Nil	Nil	7,500
	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Joseph Perino ⁽⁵⁾	2018	Nil	Nil	64,596	Nil	Nil	Nil	64,596
	2017	7,500	Nil	Nil	Nil	Nil	Nil	7,500
	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil

- (1) For the financial years ended December 31.
- (2) Mr. Hornung was appointed as a director of the Company on February 6, 2014.
- (3) Mr. Habuda was appointed as a director of the Company on May 6, 2016.
- (4) Mr. Perino was appointed as a director on September 23, 2016.

Outstanding Option-Based Awards

The following table sets forth for each director, other than those who are also NEOs of the Company, all awards outstanding at the end of the most recently completed financial year ended December 31, 2018, including awards granted before the most recently completed financial year.

Name	Option-based Awards			
	Number of securities underlying unexercised options (#) ⁽¹⁾	Option exercise price (\$) ⁽¹⁾	Option expiration date	Value of unexercised in-the-money options (\$) ⁽²⁾
Christopher Hornung	500,000	0.168	March 29, 2020	31,000
	250,000	0.142	October 31, 2023	22,000
Jerry Habuda	500,000	0.168	March 29, 2020	31,000
	250,000	0.142	October 31, 2023	22,000
Joseph Perino	500,000	0.168	March 29, 2020	31,000
	250,000	0.142	October 31, 2023	22,000

(1) Effective November 19, 2018, the Company completed a subdivision of its common shares on the basis of 5:1. This table includes post-subdivided figures.

(2) This amount is based on the difference between the market value of the securities underlying the options on December 31, 2018, which was \$0.23, being the last trading day of the common shares for the financial year and the exercise price of any outstanding options.

Narrative Discussion

The Company has no arrangements, standard or otherwise, pursuant to which directors were compensated by the Company for their services as directors, for committee participation, for involvement in special assignments during the most recently completed financial year.

The Company has a Plan for the granting of incentive stock options to the directors, officers, employees and consultants. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the directors, officers, employees and consultants and to closely align the personal interests of such persons to that of the shareholders.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth, for each director, other than those who are also NEOs of the Company, the value of all incentive plan awards vested during the financial year ended December 31, 2018:

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Christopher Hornung	53,000	N/A	N/A
Jerry Habuda	53,000	N/A	N/A
Joseph Perino	53,000	N/A	N/A

Securities Authorized for Issuance under Equity Compensation Plans

As at the years ended December 31, 2018 and 2017, the Company had no outstanding equity compensation plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	34,312,500	\$0.138	3,282,332

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total:	34,312,500	N/A	3,282,332

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is or who at any time during the last financial year was a director or executive officer or employee of the Company, a proposed nominee for election as a director of the Company or an associate of any such director, officer or proposed nominee is, or at any time since the beginning of the last completed financial year has been, indebted to the Company or any of its subsidiaries and no indebtedness of any such individual to another entity is, or has at any time since the beginning of such year been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the end most recently completed financial year or as at the date hereof.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, since the commencement of the Company's last completed financial year, no informed person of the Company, nominee for election as a director of the Company, or any associate or affiliate of an informed person or nominee, has or had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or will materially affect the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

The Company entered into a management contract with Brandon Boddy, the Company's Chairman, CEO and a director, dated May 23, 2019.

Except as set out above, there are no management functions of the Company which are to any substantial degree performed by a person or company other than the directors or senior officers of the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

Amend Articles of Incorporation

On May 29, 2019, the Board approved an amendment to the Company's articles of incorporation ("**Articles**") whereby sections 11.16 *Casting Vote* and 18.2 *Voting at Meetings* have been revised to permit the chair of the meetings of the Board and meetings of shareholders to have a second vote. The full text of the amendments are attached to this Circular as Schedule "B".

Shareholder Approval

At the Meeting, shareholders will be asked to consider and, if deemed advisable, to pass the following ordinary resolution approving the amendment of the Company's Articles:

"UPON MOTION DULY MADE, IT WAS RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The amendment to the Company's articles of incorporation (the "**Articles**"), as described in the Company's Circular prepared for the meeting of shareholders of the Company to be held on June 28, 2019 and as available on SEDAR at www.sedar.com, is hereby ratified and approved;

2. The Articles of the Company be altered by adding the text substantially as set forth in Schedule "B" to the Circular as and at sections 11.16 and 18.2 of the Articles; and
3. Any director or officer of the Company, be and is hereby authorized, for and on behalf of the Company, to execute and deliver such other documents and instruments and take such other actions, as such director or officer may determine to be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such documents or instruments and the taking of any such actions."

The Board recommends that shareholders vote in favour of the adoption of the amended Articles. In the absence of any contrary directions, it is the intention of management to vote proxies in the accompanying form in favour of the foregoing ordinary resolutions.

Re-approval of Rolling Stock Option Plan

On July 7, 2016, the Board approved the adoption of a new 10% rolling stock option plan (the "**Plan**") and by the shareholders of the Company at its annual general and special meeting held on November 24, 2017. The Plan is a 10% maximum rolling plan. Options granted under the Plan are not exercisable for a period longer than 10 years and the exercise price must be paid in full upon exercise of the option.

The Board is of the view that the Plan provides the Company with the flexibility to attract and maintain the services of executives, employees and other service providers in compensation with other companies in the industry.

The Plan was established to provide incentive to directors, officers and employees and consultants. As a 10% rolling plan the aggregate number of common shares issuable as options under the Plan may be up to 10% of the Company's issued and outstanding common shares on the date on which an option is granted, less common shares reserved for issuance on exercise of options then outstanding under the Plan. The purpose of the Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of common shares of the Company. The Plan is administered by the Board and options are granted at the discretion of the Board to eligible optionees (an "**Optionee**").

Eligible Optionees

To be eligible to receive a grant of options under the Plan, regulatory authorities require an Optionee to be either a director, officer, employee, consultant or an employee of a company providing management or other services to the Company or a subsidiary at the time the option is granted.

Options may be granted only to an individual eligible, or to a non-individual that is wholly-owned by individuals eligible, for an option grant. If the option is granted to a non-individual, it will not permit any transfer of its securities, nor issue further securities, to any individual or other entity as long as the option remains in effect.

Restrictions

The Plan is subject to the following restrictions:

- (a) The Company must not grant an option to a director, employee, consultant, or consultant company (the "**Service Provider**") in any 12-month period that exceeds 5% of the outstanding common shares of the Company, unless the Company has obtained approval by a majority of the Disinterested Shareholders (defined below) of the Company;
- (b) The aggregate number of options granted to a Service Provider conducting investor relations activities in any 12 month period must not exceed 2% of the outstanding shares calculated at the date of the grant, without prior Regulatory Approval;
- (c) The Company must not grant an option to a Consultant in any 12 month period that exceeds 2% of the outstanding shares calculated at the date of the grant of the option;
- (d) The aggregate number of common shares reserved for issuance under options granted to Insiders (defined below) must not exceed 10% of the outstanding shares (in the event that the Plan is amended to reserve for issuance more than 10% of the outstanding shares) unless the Company has obtained Disinterested Shareholder Approval to do so;

- (e) The number of optioned shares issued to Insiders in any 12 month period must not exceed 10% of the outstanding shares (in the event that the Plan is amended to reserve for issuance more than 10% of the outstanding shares) unless the Company has obtained Disinterested Shareholder Approval to do so;
- (f) The issuance to any one Optionee within a 12 month period of a number of common shares must not exceed 5% of outstanding shares unless the Company has obtained Disinterested Shareholder Approval to do so;
- (g) The exercise price of an option previously granted to an Insider must not be reduced, unless the Company has obtained Disinterested Shareholder Approval to do so; and
- (h) The Company may implement such procedures and conditions as the Board deems appropriate with respect to withholding and remitting taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law.

Definitions

“**Disinterested Shareholder Approval**” means the approval by a majority of the votes cast by all shareholders of the Company at the Meeting excluding votes attached to listed common shares beneficially owned by Insiders (defined below) of the Company and Associates (as defined in the British Columbia *Securities Act*) of Insiders.

An “**Insider**” is a director, or senior officer of the Company, a director or senior officer of a company that is an Insider or subsidiary of the Company, or a person that beneficially owns or controls, directly or indirectly, voting common shares carrying more than 10% of the voting rights attached to all outstanding voting common shares of the Company.

Material Terms of the Plan

- (a) persons who are Service Providers to the Company or its affiliates, or who are providing services to the Company or its affiliates, are eligible to receive grants of options under the Plan;
- (b) all options granted under the Plan expire on a date not later than 10 years after the issuance of such options. However, should the expiry date for an option fall within a trading Blackout Period (as defined in the Plan, generally meaning circumstances where sensitive negotiations or other like information is not yet public), within 9 business days following the expiration of a Blackout Period;
- (c) for options granted to Service Providers, the Company must ensure that the proposed Optionee is a bona fide Service Provider of the Company or its affiliates;
- (d) an Option granted to (i) directors or officers will expire 90 days and (ii) to all others including, but not limited to, employees and consultants, will expire 30 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option) after the date the Optionee ceases to be employed by or provide services to the Company, and only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or to provide services to the Company;
- (e) if an Optionee dies, any vested option held by him or her at the date of death will become exercisable by the Optionee’s lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such option;
- (f) in the case of an Optionee being dismissed from employment or service for cause, such Optionee’s options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same;
- (g) the exercise price of each option will be set by the Board on the effective date of the option and will not be less than the Discounted Market Price (as defined in the Plan);
- (h) vesting of options shall be at the discretion of the Board, and will generally be subject to: (i) the Service Provider remaining employed by or continuing to provide services to the Company or its affiliates, as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or its affiliates during the vesting period; or (ii) the Service Provider remaining as a Director of the Company or its affiliates during the vesting period;

- (i) in the event of a take over bid being made to the shareholders generally, immediately upon receipt of the notice of the take over bid, the Company shall notify each Optionee currently holding any Options, of the full particulars of the take over bid, and all outstanding options may, notwithstanding the vesting terms contained in the Plan or any vesting requirements subject to Regulatory Approval; and
- (j) the Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the Plan with respect to all Plan shares in respect of options which have not yet been granted under the Plan.

The Board has determined that, in order to reasonably protect the rights of participants, as a matter of administration, it is necessary to clarify when amendments to the Plan may be made by the Board without further shareholder approval. Accordingly, the Board proposes that the Plan also provide the following:

The Board may, without shareholder approval:

- (i) amend the Plan to correct typographical, grammatical or clerical errors;
- (ii) change the vesting provisions of an option granted under the Plan, if applicable;
- (iii) change the termination provision of an option granted under the Plan if it does not entail an extension beyond the original expiry date of such option;
- (iv) make such amendments to the Plan as are necessary or desirable to reflect changes to securities laws applicable to the Company;
- (v) make such amendments as may otherwise be permitted by regulatory authorities;
- (vi) if the Company becomes listed or quoted on a stock exchange or stock market senior to the CSE, make such amendments as may be required by the policies of such senior stock exchange or stock market; and
- (vii) amend the Plan to reduce the benefits that may be granted to Service Providers.

Shareholder Approval

At the Meeting, Shareholders will be asked to consider and vote on the ordinary resolution to re-approve the Plan, with or without variation, as follows:

“UPON MOTION DULY MADE, IT WAS RESOLVED AS AN ORDINARY RESOLUTION THAT:

- 4. The Stock Option Plan (the “**Plan**”), as approved by the Company’s Board on July 7, 2016, as more particularly described in the Circular of the Company dated May 17, 2019, be ratified and approved.
- 5. To the extent permitted by law, the Company be authorized to abandon all or any part of the Plan if the Board deems it appropriate and in the best interests of the Company to do so.
- 6. Any one or more of the directors and officers of the Company be authorized to perform all such acts, deeds and things and execute, under seal of the Company or otherwise, all such documents as may be required to give effect to these resolutions.”

A copy of the Plan will be available for inspection at the Meeting.

ADDITIONAL INFORMATION

Additional information relating to the Company is available for review by the public on SEDAR at www.sedar.com and may also be obtained by a shareholder upon request without charge from the Corporate Secretary of the Company at 804 - 750 West Pender Street, Vancouver, British Columbia, V6C 2T7, telephone: (604) 682-2928; fax (604) 685-6905.

Financial information is provided in the Company’s comparative audited financial statements of the Company for the years ended December 31, 2018 and 2017, and in the related Management’s Discussion and Analysis.

OTHER MATTERS

The Board is not aware of any other matters which they anticipate will come before the Meeting as of the date of mailing of this Circular.

SCHEDULE "A"

AGRAFLORA ORGANICS INTERNATIONAL INC.

(the "Company")

AUDIT COMMITTEE CHARTER

1. Overall Purpose / Objectives

The Audit Committee will assist the Board of Directors in fulfilling its responsibilities. The Audit Committee will review the financial reporting process, the system of internal control and management of financial risks and the audit process. In performing its duties, the committee will maintain effective working relationships with the Board of Directors, management, and the external auditors and monitor the independence of those auditors. To perform his or her role effectively, each committee member will obtain an understanding of the responsibilities of committee membership as well as the Company's business, operations and risks.

2. Authority

The Board authorizes the audit committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to obtain outside legal or professional advice, to set and pay the compensation for any advisors employed by the Audit Committee, to ensure the attendance of Company officers at meetings as appropriate and to communicate directly with the Company's external auditors.

3. Organization

Membership

The Audit Committee will be comprised of at least three members, a majority of which are not officers or employees of the Company.

The chairman of the Audit Committee will be nominated by the Audit Committee from the members of the Audit Committee which are not officers or employees of the Company, or a company associated or affiliated with the Company, from time to time.

A quorum for any meeting will be two members.

The secretary of the Audit Committee will be the Company secretary, or such person as nominated by the Chairman.

Attendance at Meetings

The Audit Committee may invite such other persons (e.g. the President or Chief Financial Officer) to its meetings, as it deems appropriate.

Meetings shall be held not less than four times a year. Special meetings shall be convened as required. External auditors may convene a meeting if they consider that it is necessary.

The proceedings of all meetings will be minuted.

4. Roles and Responsibilities

The Audit Committee will:

- Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.
- Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.
- Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.

- Review any legal matters which could significantly impact the financial statements as reported on by the general counsel and meet with outside counsel whenever deemed appropriate.
- Review the annual and quarterly financial statements including Management's Discussion and Analysis and annual and interim earnings press releases prior to public dissemination, including any certification, report, opinion, or review rendered by the external auditors and determine whether they are complete and consistent with the information known to committee members; determine that the auditors are satisfied that the financial statements have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards.
- Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure thereof.
- Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.
- Review audit issues related to the Company's material associated and affiliated companies that may have a significant impact on the Company's equity investment.
- Meet with management and the external auditors to review the annual financial statements and the results of the audit.
- Review the interim financial statements and disclosures, and obtain explanations from management on whether:
 - (a) actual financial results for the interim period varied significantly from budgeted or projected results;
 - (b) accounting policies consistent with International Financial Reporting Standards have been consistently applied;
 - (c) there are any actual or proposed changes in accounting or financial reporting practices;
 - (d) there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure; and
 - (e) review the external auditors' proposed audit scope and approach and ensure no unjustifiable restriction or limitations have been placed on the scope.
- Review the performance of the external auditors and approve in advance provision of services other than auditing. Consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company. The Board authorizes the Chairman of the Audit Committee to pre-approve any non-audit or additional audit work which the Chairman deems as necessary and to notify the other members of the Audit Committee of such non-audit or additional work.
- Make recommendations to the Board regarding the reappointment of the external auditors and the compensation to be paid to the external auditor.
- Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- Establish a procedure for:

- (a) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
 - (b) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters.
- Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.
 - Endeavor to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.
 - Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.
 - Perform other functions as requested by the full Board.
 - If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist, and set the compensation to be paid to such special counsel or other experts.
 - Review and recommend updates to the charter; receive approval of changes from the Board.

SCHEDULE "B"

**AGRAFLORA ORGANICS INTERNATIONAL INC.
Text of Amended Articles**

11.16 Casting Vote

In case of an equality of votes, the chair of a meeting of shareholders has, either on a show of hands or on a poll, a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

18.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting has a second or casting vote.