



MANAGEMENT INFORMATION CIRCULAR

(As at September 5, 2014 (the “**Record Date**”) and in Canadian dollars, except where indicated)

PERSONS MAKING THIS SOLICITATION OF PROXIES

This Management Information Circular (“Circular”) is provided in connection with the solicitation by management of Reservoir Capital Corp. (the “Corporation”) of proxies (“Proxies”) from registered shareholders and voting instruction forms (“VIFs”) from the unregistered shareholders (collectively, “Shareholders”) of common shares of the Corporation (“Common Shares”) in respect of the annual and a special general meeting of Shareholders (the “Meeting”) to be held at the time, location and place and for the purposes set out in the notice of meeting (the “Notice of Meeting”). Although it is expected that the solicitation of Proxies and VIFs will be primarily by mail, Proxies and VIFs may also be solicited personally or by telephone, facsimile or other proxy solicitation services. The costs of the solicitation of Proxies and VIFs will be borne by the Corporation.

The Corporation has sent the Notice of Meeting and Proxy or VIF, but not this Circular, in accordance with National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian securities administrators (“**NI 54-101**”) directly to its registered Shareholders and those unregistered (beneficial) Shareholders that have consented to allow their addresses to be provided to the Corporation (“**NOBOs**”). The Corporation does not intend to pay for intermediaries such as stockbrokers, securities dealers, banks, trust companies, trustees and their agents and nominees (“**Intermediaries**”) to forward the Notice of Meeting and VIF to those beneficial Shareholders that have refused to allow their address to be provided to the Corporation (“**OBOs**”). Accordingly, OBOs will not receive the Notice of Meeting and VIF unless their respective Intermediaries assume the cost of forwarding such documents to them. Instead of mailing this Circular to Shareholders, the Corporation has posted the Circular on its website pursuant to the ‘Notice and Access’ procedures of NI 54-101. Shareholders may request a paper copy of this Circular be sent to them by contacting the Corporation as set out under ‘Additional Information’ at the end of this Circular.

None of the directors of the Corporation have informed the Corporation’s management in writing that they intend to oppose the approval of any of the matters set out in the Notice of Meeting.

APPOINTMENT OF PROXYHOLDERS AND COMPLETION AND REVOCATION OF PROXIES AND VIFS

Only duly appointed holders of Proxies from registered Shareholders and VIFs from NOBOs and OBOs (collectively, “**Proxyholders**”) and registered Shareholders may vote at the Meeting.

The persons named in the Proxy or VIF (the “**Management Designees**”) have been selected by the directors of the Corporation and have agreed to represent, as Proxyholder, the Shareholders appointing them.

A Shareholder has the right to designate a person (who need not be a Shareholder and, for a VIF, can be the appointing Shareholder) other than the Management Designees to represent them at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the Proxy or VIF the name of the person to be designated and by striking therefrom the names of the Management Designees or, if the Shareholder is a registered Shareholder, by completing another proper form of Proxy and delivering the Proxy or VIF in accordance with its instructions. Such Shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as Proxyholder and provide instructions on how the Shareholder's Common Shares are to be voted. The nominee should bring personal identification with them to the Meeting.

A Shareholder may indicate the manner in which the Proxyholders are to vote on behalf of the Shareholder, if a poll or ballot is held, by marking an 'X' in the appropriate space of the Proxy or VIF. **If both spaces are left blank, the Proxy or VIF will be voted, if the Proxyholders are the Management Designees, as recommended by management for any matter requiring a 'For' or 'Against' vote, and in favour of the matter for any matter requiring a 'For' or 'Withhold' vote.**

The Proxy or VIF, when properly signed, confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting. As at the date of this Circular, the Corporation's management is not aware that any amendments or variations are to be presented at the Meeting. If any amendments or variations to such matters should properly come before the Meeting, the Proxies and VIFs hereby solicited will be voted by the Management Designees as recommended by management.

To be valid, the Proxy or VIF must be dated and executed by the Shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the Proxy or VIF). The completed Proxy or VIF must then be returned in accordance with its instructions. Proxies (but not VIFs, unless the VIF has Computershare's name and address on the top right corner of the first page) and proof of authorization can also be delivered to the Corporation's transfer agent, Computershare Investor Services Inc. (Attention: Proxy Department), 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, Canada or by hand delivery to 2nd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, Canada at least 48 hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournment thereof. Proxies and VIFs received after that time may be accepted or rejected by the Chairman of the Meeting in the Chairman's discretion, and the Chairman is under no obligation to accept or reject late proxies.

A Proxy may be revoked by a registered Shareholder personally attending at the Meeting and voting their Common Shares. A Shareholder may also revoke their Proxy or VIF in respect of any matter upon which a vote has not already been cast pursuant to the authority conferred by the Proxy or VIF. A Proxy or VIF may also be revoked by depositing an instrument in writing (which includes a Proxy or VIF bearing a later date) executed by the Shareholder or by their authorized attorney in writing, or, if the Shareholder is a company, under its corporate seal by an officer or attorney thereof duly authorized, at the office of the transfer agent at one of Computershare's addresses set out above, the Corporation at Suite 501, 543 Granville Street, Vancouver, British Columbia V6C 1X8, Canada (or by fax to (+1) 604-688-1157) or its registered office at Northwest Law Group (attn: Michael F. Provenzano), Suite 704, 595 Howe Street, Box 35, Vancouver, British Columbia V6C 2T5, Canada (or by fax to (+1) 604-687-6650) at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or by depositing the instrument in writing with the Chairman of such Meeting, prior to the commencement of the Meeting or any adjournment thereof.

REGISTERED SHAREHOLDERS

Only persons registered as Shareholders in the Corporation's Central Security Register maintained by its registrar and transfer agent or duly appointed Proxyholders will be recognized to make motions at the Meeting.

BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance as many Shareholders do not hold Common Shares in their own name.

Shareholders holding their Common Shares through Intermediaries ("**Beneficial Shareholders**") should note that only Proxies deposited by registered Shareholders will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares, in all likelihood, will **not** be registered in the Shareholder's name. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered 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. Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate party well in advance of the Meeting.**

As provided for NI 54-101, the Corporation has elected to obtain a list of its NOBOs from Intermediaries, and deliver the Notice of Meeting and VIF directly to its NOBOs. As a result, NOBOs can expect to receive a scannable VIF from their Intermediaries instead of a Proxy. A VIF enables a Shareholder to provide instructions to the registered holder of its Common Shares as to how those shares are to be voted at the Meeting and allow the registered holder to provide a Proxy voting the Common Shares in accordance with those instructions. A VIF should be completed and returned in accordance with its instructions. The results of the VIFs received from NOBOs will be tabulated and appropriate instructions respecting voting of Common Shares to be represented at the Meeting will be provided to the registered Shareholders.

Securities regulatory policies require Intermediaries to seek voting instructions from OBOs in advance of the Meeting. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by OBOs to ensure that their Common Shares are voted at the Meeting. Most brokers now delegate responsibility for obtaining voting instructions from clients to Broadridge Investor Communications, which mails the Notice of Meeting and VIF to OBOs and asks them to return a VIF to Broadridge. **An OBO receiving a VIF from Broadridge may use that VIF to vote Common Shares directly at the Meeting if the OBO inserts their name as the name of the person to represent them at the Meeting or may appoint a nominee to vote their Common Shares at the Meeting. The VIF must be returned to Broadridge well in advance of the meeting in order to have the Common Shares voted.**

Beneficial Shareholders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered. Shareholders with any questions respecting the voting of Common Shares held through a broker or other Intermediary, should contact that broker or other Intermediary for assistance.

UNITED STATES SHAREHOLDERS

This solicitation of Proxies and VIFs involve securities of a corporation located in Canada and is being effected in accordance with the corporate laws of the province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States Securities Exchange Act of 1934, as amended, are not applicable to the Corporation or this solicitation. Shareholders should be aware that disclosure and proxy solicitation requirements under the securities laws of the provinces of Canada differ from the disclosure and proxy solicitation requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Corporation is incorporated under the *Business Corporations Act* (British Columbia), some of its directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign corporation or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign corporation and its officers and directors to subject themselves to a judgment by a United States court.

VOTING OF PROXIES AND VIFS

Voting at the Meeting will be by a show of hands, each registered Shareholder and each Proxyholder having one vote, unless a poll or ballot is required (if the number of Shares represented by Proxies and VIFs that are to be voted against a motion are greater than 5% of the votes that could be cast at the Meeting) or requested, whereupon each registered Shareholder and Proxyholder is entitled to one vote for each Share held or represented, respectively.

Each Shareholder may instruct their Proxyholder how to vote their Common Shares by completing the blanks on the Proxy or VIF. If a poll or ballot is called in respect of a vote on any matter, all Common Shares represented at the Meeting by properly executed Proxies and VIFs will be voted or withheld from voting and, where a choice with respect to any matter to be acted upon has been specified in the Proxy or VIF, such Common Shares will be voted in accordance with such specification. **In the absence of any such specification on the Proxy or VIF as to voting, the Management Designees, if named as Proxyholder or nominee, will vote in favour of the matters set out therein on any poll or ballot that may be called.**

The Proxy or VIF confers discretionary authority upon the Management Designees, or other person named as Proxyholder, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Corporation is not aware of any amendments to, variations of or other matters which may come before the Meeting. If other matters come before the Meeting, then the Management Designees intend to vote in accordance with the judgment of the Corporation.

In order to approve a motion proposed at the Meeting a majority of greater than 50% of the votes cast will be required (an “ordinary resolution”) unless the motion requires a “special resolution” in which case a majority of 66-2/3% of the votes cast will be required.

QUORUM

The articles of the Corporation provide that a quorum for the transaction of business at any meeting of shareholders shall be two shareholders present in person or represented by proxy, representing not less than 5% of the outstanding shares entitled to vote at the Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares. As at the Record Date, the Corporation had 11,868,772 Common Shares issued and outstanding. There are no other shares issued or outstanding of any class. The Common Shares are the only shares entitled to be voted at the Meeting, and holders of Common Shares are entitled to one vote for each Common Share held.

To the knowledge of the directors and executive officers of the Corporation, no person, firm or company beneficially owned, directly or indirectly, or exercised control or direction over voting securities carrying more than 10% of the voting rights attached to the Common Shares as at the Record Date.

STATEMENT OF EXECUTIVE COMPENSATION

Unless otherwise noted the following information is for the Corporation's last completed financial year (which ended April 30, 2014) and, since the Corporation has subsidiaries, is prepared on a consolidated basis.

A. Named Executive Officers

For the purposes of this Circular, a Named Executive Officer ("NEO") of the Corporation means each of the following individuals:

- (a) a chief executive officer ("CEO") of the Corporation;
- (b) a chief financial officer ("CFO") of the Corporation; and
- (c) each of the Corporation's three most highly compensated executive officers, or individuals acting in a similar capacity, other than the CEO and CFO, if their individual total compensation (excluding the value of any pension) was more than \$150,000 for that financial year,

during the most recently completed financial year.

B. Compensation Discussion and Analysis

The Compensation Committee of the Corporation's board of directors (the "**Board**") is responsible for ensuring that the Corporation has appropriate procedures for reviewing executive compensation and making recommendations to the Board with respect to the compensation of the Corporation's executive officers. The Compensation Committee ensures that total compensation paid to all NEOs is fair and reasonable and is consistent with the Corporation's compensation philosophy.

The Compensation Committee is also responsible for recommending compensation for the directors and granting stock options to the directors, officers and employees of, and consultants to, the Corporation pursuant to the Corporation's stock option plan (the "**Option Plan**").

The Compensation Committee is currently comprised of three directors, one of whom is not an independent director, Michael Winn (Chairman), and two of whom are independent (outside, non-management) directors Michael Brown and Lewis Reford. The Board is satisfied that the composition of the Compensation Committee ensures an objective process for determining compensation. Each member

of the Committee has direct experience relevant to their responsibilities on the Committee, including acting as officers and directors of other publicly traded corporations so that they are familiar with remuneration in the Corporation's industry.

Philosophy

The philosophy used by the Compensation Committee in determining compensation is that the compensation should (i) reflect the Corporation's current state of development, (ii) reflect the Corporation's performance, (iii) reflect individual performance, (iv) align the interests of executives with those of the shareholders, (v) assist the Corporation in retaining key individuals, and (vi) reflect the Corporation's overall financial status.

Compensation Components

The compensation of the NEOs is comprised primarily of (i) base salary; (ii) bonus; and (iii) long-term incentive in the form of stock options granted in accordance with the Option Plan. In establishing levels of compensation and granting stock options, the executive's performance, level of expertise, responsibilities, length of service to the Corporation and comparable levels of remuneration paid to executives of other companies of comparable size and development within the renewable energy industry are considered as well as taking into account the financial and other resources of the Corporation. During the last financial year, the Compensation Committee of the Board Corporation conducted a survey and reviewed approximately 12 renewable energy companies with market capitalizations ranging from \$503,000 to \$170 million. Such companies included Alternative Earth Resources Inc., Alterra Power Corp., BIOX Corporation, Etrion Corporation, Finavera Wind Energy Inc., Innovent Inc., Naikun Wind Energy Group, Ram Power Corp., Run of River Power Inc., Sea Breeze Power Corp., Synex International Inc., and US Geothermal Inc. Stock options already held by NEOs are considered in granting new options.

The Compensation Committee also relies on the experience of its members as officers and directors at other companies in similar lines of business as the Corporation in assessing compensation levels. These other companies are identified under the heading "Disclosure of Corporate Governance Practices – Directorships" of this Circular. The purpose of this process is to:

- understand the competitiveness of current pay levels for each executive position relative to companies with similar business characteristics;
- identify and understand any gaps that may exist between actual compensation levels and market compensation levels; and
- establish a basis for developing salary adjustments and short-term and long-term incentive awards for the Compensation Committee's approval.

To date, no specific formulas have been developed to assign a specific weighting to each of these components. Instead, the Board considers the Corporation's performance and assigns compensation based on this assessment and the recommendations of the Compensation Committee.

Base Salary

The Compensation Committee recommends, and the Board approves, the salary ranges for the NEOs. The salary for each NEO is set within that range and is based on an assessment of factors such as

current competitive market conditions, compensation levels within the peer group and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual. The Compensation Committee, using this information, together with budgetary guidelines and other internally generated planning and forecasting tools, performs an annual assessment of the compensation of all executive and employee compensation levels.

Annual Incentives

Awards under the annual incentive plan are made by way of cash bonuses, which are based in part on the Corporation's success in reaching its objectives and in part on individual performance. The Compensation Committee and the Board approve annual incentives.

The Board, together with the Compensation Committee, review corporate performance objectives during the year. The principal objectives include:

- advancement of the Corporation's hydro-electric business including the granting of additional hydro-energy licenses for projects in Southeast Europe;
- maintaining compliance with the regulatory and disclosure framework;
- increasing investor interest in the Corporation; and
- market capitalization and the Corporation's working capital.

The success of the NEOs' contributions to the Corporation reaching its overall goals is a factor in the determination of their annual bonus. The Compensation Committee assesses each NEO's performance on the basis of his or her respective contribution to the achievement of corporate goals as well as to needs of the Corporation that arise on a day to day basis. This assessment is used by the Compensation Committee in developing its recommendations to the Board with respect to the determination of annual bonuses for the NEOs.

There were no cash bonuses granted to the NEO's during the Corporation's last completed financial year.

Long Term Compensation

The Option Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Compensation Committee believes that the Option Plan aligns the interests of the NEOs' with the interests of shareholders by linking a component of executive compensation to the longer term performance of the Common Shares.

Options are generally granted on an annual basis, subject to the imposition of trading black-out periods, in which case options scheduled for grant will be granted subsequent to the end of the black-out period. All options granted to NEOs during the last financial year were recommended by the Compensation Committee and approved by the Board. In monitoring stock option grants, the Compensation Committee takes into account the level of options granted by comparable companies for similar levels of responsibility and considers each NEO or employee based on reports received from management, its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value.

In addition to determining the number of options to be granted pursuant to the methodology outlined above, the Compensation Committee also makes the following determinations:

- the exercise price for each option granted;
- the date on which each option is granted;
- the vesting terms for each stock option; and
- the other materials terms and conditions of each stock option grant.

The Compensation Committee makes these determinations subject to and in accordance with the provision of the Option Plan.

There were no options granted to the NEO's during the Corporation's last completed financial year.

C. Summary Compensation Table

The following table contains a summary of the compensation paid to the NEOs during the three most recently completed financial years.

Name and principal position	Year Ended April 30	Salary (\$)	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 (\$)			
Miljana Vidovic President & CEO	2014	195,227 ⁽¹⁾	0	0	0	0	0	0	195,227
	2013	221,088	0	131,305 ⁽³⁾	0	0	0	0	352,393
	2012	203,716	0	0	36,000 ⁽⁵⁾	0	0	0	239,716
Miles Thompson Chairman	2014	180,000 ⁽¹⁾	0	0	0	0	0	0	180,000
	2013	180,000	0	131,305 ⁽³⁾	0	0	0	0	311,305
	2012	145,000	0	0	24,000 ⁽⁵⁾	0	0	0	169,000
Christina Cepeliauskas CFO	2014	14,509 ⁽²⁾	0	0	0	0	0	0	14,509
	2013	27,915 ⁽²⁾	0	17,507 ⁽³⁾	2,000 ⁽⁴⁾	0	0	0	43,422
	2012	33,300 ⁽²⁾	0	0	3,750 ⁽⁵⁾	0	0	0	37,050

- (1) As a result of the depressed Canadian junior stock markets, Ms. Vidovic and Mr. Thompson did not receive their full salaries during the 2014 fiscal year. All outstanding balances were settled in June, 2014 through the issuance of a combinations of Common Shares and promissory notes. See "Employment Agreements" for a full description of their salaries and such settlements.
- (2) Pursuant to a Management Services Agreement between the Corporation and Seabord Services Corp., Ms. Cepeliauskas's remuneration is paid by Seabord. See "Management Contracts" for a description of the material terms of the Management Services Agreement.
- (3) The stock option benefit is the grant date fair value and has been calculated using the Black Scholes option pricing model, which is described below, using the following assumptions: stock price - \$0.30, exercise price - \$0.30, an option life of 5 years, a risk-free interest rate of 1.40% and a volatility of 97%. Please see the table under "Incentive Plan Awards" for the 'in-the-money' value of these options on April 30, 2013.
- (4) This amount represents a discretionary cash bonus related to 2012.
- (5) This amount represents a discretionary cash bonus related to 2011.

The Corporation has calculated the “grant date fair value” amounts in the ‘Option-based Awards’ column using the Black-Scholes model, a mathematical valuation model that ascribes a value to a stock option based on a number of factors in valuing the option-based awards, including the exercise price of the options, the price of the underlying security on the date the option was granted, and assumptions with respect to the volatility of the price of the underlying security and the risk-free rate of return. Calculating the value of stock options using this methodology is very different from a simple “in-the-money” value calculation. Stock options that are well “out-of-the-money” can still have a significant “grant date fair value” based on a Black-Scholes valuation. Accordingly, caution must be exercised in comparing grant date fair value amounts with cash compensation or an in-the-money option value calculation. The total compensation shown in the last column is the total compensation of each NEO reported in the other columns. The value of the in-the-money options currently held by each director (based on share price less option exercise price) is set forth in the ‘Value of Unexercised in-the-money Options’ column of the “Outstanding Share-Based and Option-based Awards” table below.

Employment Agreements

The Corporation and its President and CEO, Miljana Vidovic, have entered into a Consulting Agreement (the “**Vidovic Agreement**”) dated November 1, 2006, as amended October 1, 2011, and restated September 1, 2012, in connection with her services as the Corporation’s President and CEO. The Vidovic Agreement provides for the remuneration of Ms. Vidovic at the rate of \$20,000 per month. The Corporation may also pay bonuses and grant stock options to Ms. Vidovic.

Either the Corporation or Ms. Vidovic may, for any reason and in their sole discretion, terminate the Vidovic Agreement by giving sixty (60) days written notice thereof to the other. Upon termination of the Vidovic Agreement by the Corporation (other than a termination which entitles the Ms. Vidovic to a payment in the event of a Change of Control (as defined below)), the Corporation shall pay Ms. Vidovic a departure allowance equivalent to one (1) year of Remuneration (as defined below) plus one (1) month of Remuneration for each year of service, pro-rated for any partial month, up to an aggregate of twenty-four (24) months including such initial twelve (12) month period.

In the event of a Change of Control which results, within the six (6) month period following the Change of Control, in a Termination of Consultancy (as defined below), Ms. Vidovic shall be entitled to compensation, payable within five (5) days of such Termination of Consultancy, equal to twenty-four (24) months of Remuneration.

In addition to any departure allowance or compensation payable on a Termination of Consultancy, any stock options or other rights to purchase Common Shares held by Ms. Vidovic which have not yet vested shall vest immediately and Ms. Vidovic shall be paid any discretionary bonus or other payment in respect of merit of her job performance which have been earned or declared payable but not yet paid.

The Corporation and its Chairman, Miles Thompson, have entered into a Consulting Agreement (the “**Thompson Agreement**”) dated January 11, 2006 as amended October 1, 2011 and restated September 1, 2012, in connection with his services as the Corporation’s Chairman. The Thompson Agreement provides for the remuneration of Mr. Thompson at the rate of \$15,000 per month. The Corporation may also pay bonuses and grant stock options to Mr. Thompson.

Either the Corporation or Mr. Thompson may, for any reason and in their sole discretion, terminate the Thompson Agreement by giving sixty (60) days written notice to the other. Upon termination of the Thompson Agreement by the Corporation (other than a termination which entitles the Mr. Thompson to a payment in the event of a Change of Control (as defined below)), the Corporation shall pay Mr. Thompson a departure allowance equivalent to one (1) year of Remuneration (as defined below) plus one

(1) month of Remuneration for each year of service, pro-rated for any partial month, up to an aggregate of twenty-four (24) months including such initial twelve (12) month period.

In the event of a Change of Control which results, within the six (6) month period following the Change of Control, in a Termination of Consultancy (as defined below), Mr. Thompson shall be entitled to compensation, payable within five (5) days of such Termination of Consultancy, equal to twenty-four (24) months of Remuneration.

In addition to any departure allowance or compensation payable on a Termination of Consultancy, any stock options or other rights to purchase Common Shares held by Mr. Thompson which have not yet vested shall vest immediately and Mr. Thompson shall be paid any discretionary bonus or other payment in respect of merit of his job performance which have been earned or declared payable but not yet paid.

In the Vidovic Agreement and Thompson Agreement, the following terms have the following meanings:

“Change of Control” means any change in the beneficial ownership of the voting shares of the Corporation as a result of which a person, a group of persons ‘acting jointly or in concert’ or persons ‘associated’ or ‘affiliated’ with any such person(s) or group(s), as such words and phrases are used in the *Securities Act* (British Columbia), are in a position to exercise effective control of the Corporation, and any such person(s) or group(s) directly or indirectly owning or controlling voting shares of the Corporation in excess of 30% of the votes attaching to all voting shares of the Corporation shall be deemed to be in a position to exercise effective control of the Corporation. A Change of Control shall also be deemed to occur if a Consultant is asked to join a new corporation (with substantially the same duties and terms as with the Corporation) which has substantially the same management and shareholder structure as the Corporation and is formed to acquire some or all of the Corporation’s assets.

“Termination of Consultancy” means any involuntary or coerced resignation as an officer of the Corporation or termination of consultancy of Ms. Vidovic or Mr. Thompson directly or indirectly resulting from a Change of Control and includes the occurrence of any of the following events after a Change of Control, if they do not consent thereto:

- (a) a material change in their office held or duties and authority;
- (b) a material change in the nature or scope of their duties;
- (c) a requirement to change the place of work by more than 100 miles;
- (d) a reduction in remuneration;
- (e) a withdrawal or substantial reduction of benefits or privileges from the Corporation; or
- (f) exclusion from or substantial reduction of participation in any incentive compensation plans in which they were a participant.

“Remuneration” means only the monthly remuneration of Ms. Vidovic or Mr. Thompson and excludes amounts paid on behalf or in respect of them for insurance under their agreement, any bonus or other payment in respect of merit of their job performance, any stock options or grants, pension and other benefits, any of which are paid or became payable within the ensuing year.

The Corporation and each of Ms. Vidovic and Mr. Thompson (collectively the “Parties”) entered into agreements effective April 30, 2014 whereby it was agreed that the Corporation would settle the

indebtedness due from it to Ms. Vidovic and Mr. Thompson on the following terms (which have been approved by the TSX Venture Exchange):

- Ms. Vidovic and Mr. Thompson each received:
 - \$35,000 (representing the sum of \$2,500 per month for each of the last 14 months of the terms of the Vidovic Agreement and Thompson Agreement) was settled by the issuance of 233,333 common shares of the Corporation at a deemed price of \$0.15 per share; and
 - \$100,000 shall be paid to each of Ms. Vidovic and Mr. Thompson immediately following the sale by the Corporation of its interests in its Serbian subsidiary, Renewable Energy Ventures d.o.o. and its Brodarevo Hydroelectric projects in Serbia or either of them (the “**Business**”) and which amount is evidenced by a non-negotiable, non-recourse promissory notes payable, without interest, by June 7, 2015.
- The promissory notes shall be payable only if, prior to its first anniversary, the Business is sold or the Corporation undergoes a change of control to a new management group, failing which the promissory notes shall be of no further force and effect and Ms. Vidovic and Mr. Thompson shall each forgive the repayment of the \$100,000 by the Corporation.

No further amounts shall be payable by the Corporation to Ms. Vidovic or Mr. Thompson.

The Corporation has not entered into any other employment or consulting contracts with its other NEOs.

D. Incentive Plan Awards

Outstanding Share-Based and Option-Based Awards

The following table sets out, for each NEO, the incentive stock options to purchase Common Shares (option-based awards) held as of the end of the Corporation’s last completed financial year. The closing price of the Corporation’s shares on the TSX Venture Exchange on that day was \$0.28.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (vested-unvested)	Option exercise price (per share) \$	Option expiration date (m/d/y)	Value of unexercised ‘in-the-money’ options (\$)	Number of shares or units of shares not vested (#)	Market or payout value of share-based awards not vested (\$)	Market or payout value of share-based awards vested but not paid out (\$)
Miljana Vidovic President & CEO	6,000 - 0	16.20	3/9/2015	0	0	0	0
	30,000 – 0	6.00	9/7/2017	0	0	0	0
Miles Thompson Chairman	6,000 – 0	16.20	3/9/2015	0	0	0	0
	30,000 – 0	6.00	9/7/2017	0	0	0	0
Christina Cepeliauskas CFO	2,000 – 0	16.20	3/9/2015	0	0	0	0
	4,000 – 0	6.00	9/7/2017	0	0	0	0

The Compensation Committee's approach to recommending options to be granted is consistent with prevailing practice in the mineral exploration industry. Grants of options depend on the length of service of the NEO. Therefore, there is no formula followed or performance goals or significant conditions which must be met before options will be granted. Options are always granted at the prevailing market price of the Common Shares.

Value of Share-Based and Option-Based Awards Vested or Earned During the Year

There were no incentive plan awards that vested or were earned by an NEO during the Corporation's last completed financial year.

Option-based Awards Exercised During the Year

There were no option-based awards exercised by the NEOs during the Corporation's last completed financial year.

Option-based Awards Granted During the Year

There were no option-based awards granted during the Corporation's last completed financial year to the NEOs.

E. Pension Plan Benefits

The Corporation does not have a pension plan or deferred compensation plan.

F. Termination and Change of Control Benefits

See "Summary Compensation Table – Employment Agreements" for a description of the material terms of the termination and change of control benefits that the Corporation has agreed to provide to certain NEOs as a result of a change of control of the Corporation, its subsidiaries or affiliates.

G. Director Compensation

The following table describes director compensation for non-executive directors for the Corporation's last completed financial year.

Name	Fees earned (\$)⁽¹⁾	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other Compensation (\$)	Total (\$)
Michael Winn	0	0	0	0	0	0	0
Patrick Trustram-Eve	0	0	0	0	0	0	0
Michael Brown	0	0	0	0	0	0	0
Winston Bennett	0	0	0	0	0	0	0
Lewis Reford	0	0	0	0	0	0	0

The methodology used for determining the remuneration of the Board is similar to that used for the remuneration of NEOs. Remuneration of committee chairmen is determined based on their own merits

and circumstances after being considered in light of prevailing economic conditions – both on a corporate level and on national and international levels – and industry norms for such remuneration. Levels of remuneration of directors, committee members and committee chairmen are usually first informally discussed among the members of the Compensation Committee before being formally considered and approved by the Board.

Share-Based and Option-based Awards to Directors

The following table sets out, for each director, the incentive stock options to purchase Common Shares (option-based awards) held as of the end of the Corporation's last completed financial year. The closing price of the Corporation's shares on the TSX Venture Exchange on that day was \$0.28.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (vested-unvested)	Option exercise price (per share) \$	Option expiration date (m/d/y)	Value of unexercised 'in-the-money' options (\$)	Number of shares or units of shares not vested (#)	Market or payout value of share-based awards not vested (\$)	Market or payout value of share-based awards vested but not paid out (\$)
Michael Winn	3,000 - 0	16.20	3/9/2015	0	0	0	0
	10,000 - 0	6.00	9/7/2017	0	0	0	0
Patrick Trustram-Eve	1,000 - 0	16.20	3/9/2015	0	0	0	0
	10,000 - 0	6.00	9/7/2017	0	0	0	0
Michael Brown	7,500 - 0	13.00	10/26/2016	0	0	0	0
	4,500 - 0	6.00	9/7/2017	0	0	0	0
Lewis Reford	6,000 - 0	34.60	01/20/2016	0	0	0	0
	10,000 - 0	12.00	02/8/2017	0	0	0	0
	4,000 - 0	6.00	9/7/2017	0	0	0	
Winston Bennett	6,000 - 0	16.20	3/9/2015	0	0	0	0
	6,000 - 0	6.00	9/7/2017	0	0	0	0

The Compensation Committee's approach to recommending options to be granted is consistent with prevailing practice in the mineral exploration industry. Grants of options depend on the length of service of the directors. Therefore, there is no formula followed or performance goals or significant conditions which must be met before options will be granted. Options are always granted at the prevailing market price of the Common Shares.

Value of Share-Based and Option-Based Awards Vested or Earned During the Year

There were no share-based or option-based awards vested or earned during the Corporation's last completed financial year by the directors.

Option-based Awards Exercised During the Year

There were no option-based awards exercised during the Corporation's last completed financial year by the directors.

Option-based Awards Granted During the Year

There were no option-based awards granted to non-executive directors during the Corporation's last completed financial year.

H. Management Contracts

Pursuant to a management service agreement (the "**Seabord Agreement**") dated January 1, 2009 as amended on January 1, 2012, January 1, 2013 and February 1, 2014 between the Corporation and Seabord Services Corp. ("**Seabord**") of Suite 501, 543 Granville Street, Vancouver, British Columbia, the Corporation pays \$10,000 per month to Seabord in consideration of Seabord providing office, reception, secretarial, accounting and corporate records services to the Corporation, which services include Christina Cepeliauskas in her capacity as chief financial officer of the Corporation and Kim Casswell in her capacity as corporate secretary of the Corporation.

On June 7, 2014, the Corporation and Seabord entered into an agreement whereby it was agreed that the Corporation would settle the indebtedness due from it under (but not terminate) the Seabord Agreement up to and including April 30, 2014 on the following terms (which has been approved by the TSX Venture Exchange):

- Seabord received:
 - \$35,000 (representing the sum of \$2,500 per month for each of the last 14 months of the term of the Seabord Agreement) was settled by the issuance of 233,333 common shares of the Corporation at a deemed price of \$0.15 per share; and
 - \$50,000 shall be paid to Seabord immediately following the sale by the Corporation of its interests in its Serbian subsidiary, Renewable Energy Ventures d.o.o. and its Brodarevo Hydroelectric projects in Serbia or either of them (the "**Business**") and amount is evidenced by a non-negotiable, non-recourse promissory note payable, without interest, by June 7, 2015.
- The promissory note shall be payable only if, prior to its first anniversary, the Business is sold or the Corporation undergoes a change of control to a new management group, failing which the promissory note shall be of no further force and effect and Seabord shall forgive the repayment of the \$50,000 by the Corporation.

Seabord is a private company wholly-owned by Michael Winn, a director of the Corporation.

I. Stock Option Plan

The Option Plan authorizes the grant of options to directors, executive officers, employees of, and consultants to, the Corporation and its subsidiaries and employees of a person or company that provides management services to the Corporation or its subsidiaries (“**Participants**”). The purpose of the Option Plan is to offer to Participants the opportunity to acquire a proprietary interest in the Corporation, thereby providing an incentive to such parties to promote the best interests of the Corporation and to provide the means to the Corporation to attract qualified persons.

The Option Plan is administered by the Board. The Option Plan provides that options will be issued pursuant to option agreements which shall provide for the expiration of such options on a date not later than five years after the issuance of such option. A maximum of 10% of the issued and outstanding Common Shares, from time to time, may be reserved for issuance under the Option Plan provided that options may not be granted to an individual to purchase in excess of 5% of the then outstanding Common Shares. Options issued pursuant to the Option Plan will have an exercise price determined by the Board provided that it shall not be less than the price permitted by the TSX Venture Exchange.

There are restrictions in the Option Plan with respect to grants of options to certain persons. Options granted under the Option Plan are non-transferable and expire the earlier of five years from the date of grant or 90 days from the date the optionee ceases to be an officer, director, employee or consultant of the Corporation. In the event of death of an optionee, options held by such optionee will expire the earlier of five years from the date of grant or one year from the date of death.

The Board may from time to time alter, suspend or discontinue the Option Plan. Subject to the approval of the TSX Venture Exchange, the Board may also at any time amend or revise the terms of the Option Plan, provided that no such amendment or revision shall result in a material adverse change to the terms of any options granted under the Option Plan, unless shareholder approval or disinterested shareholder approval, as the case may be, is obtained for such amendment or revision.

At the Meeting, shareholders will be asked to approve the Option Plan. See “Particulars of Matters to be Acted Upon – Approval of Stock Option Plan.”

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out, as at the end of the Corporation’s last completed financial year, information regarding outstanding options, warrants and rights (other than those granted *pro rata* to all shareholders) granted by the Corporation under its equity compensation plans.

Plan Category	Number of shares issuable upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of shares remaining available for issuance under equity compensation plans ⁽¹⁾
Equity compensation plans approved by shareholders	264,500	\$9.27	157,309
Equity compensation plans not approved by shareholders	N/A	N/A	N/A
Total	264,500	9.27	157,309

- (1) Excluding the number of shares issuable upon exercise of outstanding options, warrants and rights shown in the second column.

CORPORATE GOVERNANCE

National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) of the Canadian securities administrators requires the Corporation to annually disclose certain information regarding its corporate governance practices. That information is disclosed below.

1. Board of Directors

The Board is responsible for supervising the management of the business and affairs of the Corporation and is comprised of six directors, of which four are independent. A director is “independent” if the director has no direct or indirect material relationship with the Corporation. 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 judgement. The definition of independence in NI 58-101 is the same as in National Instrument 52-110 *Audit Committees* (“**NI 52-110**”). The independent directors are currently Patrick Trustram-Eve, Winston Bennett, Lewis Reford and Michael Brown. Michael Winn is not considered independent as the Corporation pays fees for management services to Seaboard Service Corp., a private company wholly-owned by Mr. Winn. See “Management Contracts” for a description of the material terms of the management services provided. Miles Thompson is not considered independent by virtue of him being a member of management (Executive Chairman).

The Board facilitates its exercise of independent supervision over the Corporation’s management through frequent meetings of the Board.

2. Directorships

Certain of the directors are presently a director of one or more other reporting issuers (public companies), as follows:

Director	Other Issuers
Miles Thompson	Lara Exploration Ltd. Reservoir Minerals Corp.
Michael Winn	Alexco Resource Corp. Atico Mining Corporation Eurasian Minerals Inc. Iron Creek Capital Corp. Lara Exploration Ltd. Legend Gold Corp. Nebo Capital Corp. Reservoir Minerals Inc.
Patrick Trustram-Eve	N/A
Lewis Reford	N/A
Michael Brown	Argentex Mining Corp.
Winston Bennett	N/A

3. Orientation and Continuing Education

The Board takes the following measures to ensure that all new directors receive a comprehensive orientation regarding the role of the Board, its committees and its directors, and the nature and operation of the Corporation.

The first step is to assess a new director's set of skills and professional background, since they are unique for each new director. Once that assessment has been completed, the Board is able to determine what orientation to the nature and operations of the Corporation's business will be necessary and relevant to each new director

The second step is taken by one or more existing directors, who may be assisted by the Corporation's management, to provide the new director with the appropriate orientation through a series of meetings, telephone calls and other correspondence.

The Corporation has a Board policy manual (the "**Board Manual**") that provides a comprehensive introduction to the Board and its committees. The Board Manual contains the charters of the Audit Committee, Corporate Governance Committee and the Compensation Committee. The Board Manual also contains the Whistleblower Policy, Board Mandate, and Code of Business Ethics and Conduct.

The Board takes the following measures to provide continuing education for its directors in order that they maintain the skill and knowledge necessary for them to meet their obligations as directors:

- the Board Manual is reviewed and, if necessary, revised on an annual basis; and
- there is a technical presentation at Board meetings from time to time, focusing on either projects within the Corporation's hydro-electric business. The question and answer portions of these presentations are a valuable learning resource for the non-technical directors.

4. Ethical Business Conduct

The Board has responsibility for the stewardship of the Corporation including responsibility for strategic planning, identification of the principal risks of the Corporation's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Corporation's internal control and management information systems. To facilitate meeting this responsibility, the Board seeks to foster a culture of ethical conduct by striving to ensure the Corporation carries out its business in line with high business and moral standards and applicable legal and financial requirements. In that regard, the Board:

- has adopted a written Code of Business Conduct and Ethics for its directors, officers, employees and consultants. A copy of the Code is available on SEDAR at www.sedar.com and on the Corporation's website.
- has established a Corporate Governance Committee as described below under 'Other Board Committees'.
- has established a Whistleblower Policy which details complaint procedures for financial concerns as further described below in 'Audit Committee – Complaints'.

- encourages management to consult with legal and financial advisors to ensure the Corporation is meeting those requirements.
- is cognizant of the Corporation's timely disclosure obligations and reviews material disclosure documents such as financial statements, Management's Discussion & Analysis (MD&A) and press releases prior to their distribution.
- relies on its Audit Committee to annually review the systems of internal financial control and discuss such matters with the Corporation's external auditor.
- actively monitors the Corporation's compliance with the Board's directives and ensures that all material transactions are thoroughly reviewed and authorized by the Board before being undertaken by management.

The Board must also comply with the conflict of interest provisions of the relevant securities regulatory instruments and stock exchange policies, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

5. Nomination of Directors

In order to identify new candidates for nomination to the Board, the Board considers the advice and input of the Corporate Governance Committee, the members of which are listed under "Particulars of Matters to be Acted Upon – Election of Directors" and which is composed of a majority of independent directors, regarding:

- the appropriate size of the Board, the necessary competencies and skills of the Board as a whole and the competencies and skills of each director individually; and
- the identification and recommendation of new individuals qualified to become new Board members. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Corporation, the ability to devote the time required and a willingness to serve.

6. Other Board Committees

In addition to the Audit Committee, described in the next section, the Board has established the following committees.

Compensation Committee: The Compensation Committee is responsible for the review of all compensation (including stock options) paid by the Corporation to the Board, management and employees of the Corporation and any subsidiaries, to report to the Board on the results of those reviews and to make recommendations to the Board for adjustments to such compensation.

The Committee consists of three directors, two of whom are independent (outside, non-management) directors (Michael Brown and Lewis Reford) and one of whom is not an independent director (Michael Winn – Committee Chairman). Each member of the Committee has direct experience relevant to their responsibilities on the Committee, including acting as officers and directors of other publicly traded corporations so that they are familiar with remuneration in the Corporation's industry.

For further details on the role of the Compensation Committee, refer to “Compensation Discussion and Analysis”.

Corporate Governance Committee: The Corporate Governance Committee is responsible for advising the Board of the appropriate corporate governance procedures that should be followed by the Corporation and the Board and monitoring whether they comply with such procedures.

The Committee consists of three directors, all of whom are independent (outside, non-management) directors (Winston Bennett, Michael Brown and Lewis Reford). Each member of the Committee has direct experience relevant to their responsibilities on the Committee, including acting as officers and directors of other publicly traded corporations so that they are familiar with the corporate governance requirements in the Corporation’s industry.

7. Assessments

The Board and the Corporate Governance Committee have not established a process to regularly assess the Board and its committees with respect to their effectiveness and contributions. Nevertheless, their effectiveness is subjectively measured on an ongoing basis by each director based on their assessment of the performance of the Board, its committees or the individual directors compared to their expectation of performance. In doing so, the contributions of an individual director are informally monitored by the other Board members, bearing in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

AUDIT COMMITTEE

Overview

The Audit Committee of the Board of Directors is principally responsible for

- recommending to the Board of Directors the external auditor to be nominated for election by the Corporation’s shareholders at each annual meeting and negotiating the compensation of such external auditor.
- overseeing the work of the external auditor.
- reviewing the Corporation’s annual and interim financial statements, Management’s Discussion & Analysis (MD&A) and press releases regarding earnings before they are reviewed and approved by the Board of Directors and publicly disseminated by the Corporation.
- reviewing the Corporation’s financial reporting procedures and internal controls to ensure adequate procedures are in place for the Corporation’s public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph.

The Audit Committee’s Charter

The Board of Directors has adopted a Charter for the Audit Committee (the “**Charter**”) which sets out the Committee’s mandate, organization, powers and responsibilities. The Charter is attached as Appendix “B” to this Information Circular.

Composition of the Audit Committee

The Audit Committee consists of three directors. Because it is listed on the TSX Venture Exchange the Corporation is classified as a ‘Venture Issuer’, and as such is exempt from the requirement that all of its members be independent. In addition, the Corporation’s governing corporate legislation requires the Corporation to have an Audit Committee composed of a minimum of three directors, a majority of whom are not officers or employees of the Corporation. The Audit Committee complies with this requirement.

The following table sets out the names of the members of the Audit Committee and whether they are ‘independent’ and ‘financially literate’.

Name of Member	Independent ⁽¹⁾	Financially Literate ⁽²⁾
Michael Winn	No	Yes
Patrick Trustram-Eve	Yes	Yes
Winston Bennett	Yes	Yes

Notes:

- (1) To be considered to be independent, a member of the Committee must not have any direct or indirect ‘material relationship’ with the Corporation. A material relationship is a relationship which could, in the view of the Board reasonably interfere with the exercise of a member’s independent judgment.
- (2) To be considered financially literate, a member of the Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

Relevant Education and Experience

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 and, in particular, any education or experience that would provide the member with:

1. an understanding of the accounting principles used by the Corporation to prepare its financial statements;
2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
3. 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 Corporation’s financial statements, or experience actively supervising one or more persons engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting,

are as follows:

Name of Member	Education	Experience
Michael Winn	Graduate course work in accounting and finance. B.Sc. (Geology) – 1985 University of Southern California Los Angeles, California	Mr. Winn is currently President of Seabord Capital Corp. Seabord provides investment analysis and financial services to companies operating in the oil & gas mining, and energy sectors. Prior to starting Seabord in January 2013, he was President of Terrasearch Inc. (1997 to 2012). Mr. Winn also worked as an analyst evaluating emerging oil and gas and mining companies.
Patrick Trustram-Eve	Masters Degree in Modern Languages Honours – 1995 University of Edinburgh, United Kingdom Diploma in Administrative Accounting and Financial Administration – 1997 Icare University - Chile	Mr. Trustram-Eve is the Managing Director of TranslateMedia, a language services provider, and a founding director of ITC Ventures, a venture capital investment group focused on small business opportunities in the media sector in South America. Prior to that, Mr. Trustram-Eve worked for five years as a financial analyst and treasury manager for Anglo American Corp.
Winston Bennett	Bachelor of Arts, Honours Business Administration (HBA) Richard Ivey School of Business University of Western Ontario – 2003 Charter Financial Analyst Charterholder CFA Institute - 2007	Mr. Bennett is Vice President & Director of Helios Energy Inc., a developer of utility-scale solar energy facilities in Ontario, Canada where he is responsible for corporate and project financing and strategic business development. Prior to that, Mr. Bennett was Vice President of Investment Banking at Cormark Securities Inc., a leading independent Canadian investment dealer.

Complaints

The Audit Committee has established a Whistleblower Policy which outlines procedures for the confidential, anonymous submission by employees regarding the Corporation's accounting, auditing and financial reporting obligations, without fear of retaliation of any kind. If an applicable individual has any concerns about accounting, audit, internal controls or financial reporting matters which they consider to be questionable, incorrect, misleading or fraudulent, the applicable individual is urged to come forward with any such information, complaints or concerns, without regard to the position of the person or persons responsible for the subject matter of the relevant complaint or concern.

The applicable individual may report their concern in writing and forward it to the Chairman of the Audit Committee in a sealed envelope labelled *"To be opened by the Audit Committee only."* Further, if the applicable individual wishes to discuss any matter with the Audit Committee, this request should be indicated in the submission. Any such envelopes received by the Corporation will be forwarded promptly and unopened to the Chairman of the Audit Committee.

Promptly following the receipt of any complaints submitted to it, the Audit Committee will investigate each complaint and take appropriate corrective actions.

The Audit Committee will retain as part of its records, any complaints or concerns for a period of no less than seven years. The Audit Committee will keep a written record of all such reports or inquiries and make quarterly reports on any ongoing investigation which will include steps taken to satisfactorily address each complaint.

The Whistleblower Policy is reviewed by the Audit Committee on an annual basis.

Audit Committee Oversight

Since the commencement of the Corporation's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Corporation's Board of Directors.

Reliance on Exemptions in NI 52-110 regarding *De Minimis* Non-audit Services or on a Regulatory Order Generally

Since the commencement of the Corporation's most recently completed financial year, the Corporation has not relied on the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 (which exempts all non-audit services provided by the Corporation's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Corporation, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit) or an exemption from NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in section III.B "Powers and Responsibilities – Performance & Completion by Auditor of its Work" of the Charter.

External Auditor Service Fees (By Category)

The following table discloses the fees billed to the Corporation by its external auditor during the last two financial years.

Financial Year Ending	Audit Fees ⁽¹⁾	Audit Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
April 30, 2014	\$33,262	Nil	Nil	Nil
April 30, 2013	\$57,936	Nil	Nil	Nil

- (1) The aggregate fees billed by the Corporation's auditor for audit fees.
- (2) The aggregate fees billed for assurance and related services by the Corporation's auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not disclosed in the 'Audit Fees' column.
- (3) The aggregate fees billed for professional services rendered by the Corporation's auditor for tax compliance, tax advice, and tax planning.
- (4) The aggregate fees billed for professional services other than those listed in the other three columns.

Reliance on Exemptions in NI 52-110 regarding Audit Committee Composition & Reporting Obligations

Since the Corporation is a Venture Issuer it is relying on the exemption contained in section 6.1 of NI 52-110 from the requirements of Part 3 *Composition of the Audit Committee* (as described in 'Composition of the Audit Committee' above) and Part 5 *Reporting Obligations* of NI 52-110 (which requires certain prescribed disclosure about the Audit Committee in the Corporation's Annual Information Form, if any, and this Information Circular).

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No individual who is, or who at any time during the Corporation's last completed financial year was, a director, executive officer or employee of the Corporation, a proposed nominee for election as a director of the Corporation 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 Corporation 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 Corporation or any of its subsidiaries.

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

Other than disclosed in this Circular, the Corporation is not aware of any material interest of any executive officer, director or nominee for director, or anyone who has held office as such since the beginning of the Corporation's last financial year, or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting other than the election of directors except for the current and future directors and executive officers of the Corporation and its subsidiaries, if any, inasmuch as, in the following year, they may be granted options to purchase Common Shares pursuant to the Option Plan, approval of which will be sought at the Meeting.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed herein and the Corporation's Management's Discussion & Analysis for the last financial year, a copy of which is filed on SEDAR at www.sedar.com and which, upon request, the Corporation will promptly provide free of charge (see 'Additional Information' below), there are no material interests, direct or indirect, of current directors, executive officers, any persons nominated for election as directors, or any shareholder who beneficially owns, directly or indirectly, more than 10% of the outstanding Common Shares, or any know associates or affiliates of such persons, in any transaction within the last financial year or in any proposed transaction which has materially affected or would materially affect the Corporation.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Board the only matters to be brought before the Meeting are those matters set forth in the Notice of Meeting.

1. Audit Report, Financial Statements & Management's Discussion & Analysis

The Board has approved the financial statements of the Corporation, the auditor's report thereon, and the Management's Discussion & Analysis for the year ended April 30, 2014, all of which will be tabled at the Meeting. No approval or other action needs to be taken at the Meeting in respect of these documents.

2. Set Number of Directors to be Elected

Shareholders of the Corporation will be asked to consider and, if thought advisable, to approve and adopt an ordinary resolution setting the number of directors to be elected at the Meeting. In order to be

effective, an ordinary resolution requires the approval of a majority of the votes cast by shareholders who vote in respect of the resolution.

At the Meeting, it will be proposed that six (6) directors be elected to hold office until the next annual meeting of shareholders or until their successors are elected or appointed. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxyholder, to vote in favour of the ordinary resolution fixing the number of directors to be elected at six (6).**

3. Election of Directors

The Corporation currently has six (6) directors and, accordingly, six (6) directors are being nominated for election. The following table sets forth the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Corporation presently held by such nominee, the nominee's province or state and country of residence, principal occupation at the present and during the preceding five years, the period during which the nominee has served as a director, and the number of Common Shares that the nominee has advised are beneficially owned by the nominee, directly or indirectly, or over which control or direction is exercised, as of the Record Date.

Unless otherwise directed, it is the intention of the Management Designees, if named as proxyholder, to vote for the election of the persons named in the following table to the Board of Directors of the Corporation. Each director elected will hold office until the next annual meeting of shareholders or until their successor is duly elected, unless their office is earlier vacated in accordance with the articles of the Corporation or the provisions of the corporate law to which the Corporation is subject.

Name and Province or State and Country of Residence	Present Office and Date First Appointed a Director	Principal Occupation During the Past Five Years	Number of Common Shares ⁽⁴⁾
Miles F. Thompson Rio de Janeiro Brazil	Chairman/Director February 2, 2007	Chairman of the Corporation; Chairman, President & CEO of Lara Exploration Ltd. (publicly traded mineral exploration company).	1,047,708
Michael D. Winn ⁽¹⁾⁽²⁾ California United States of America	Director May 1, 2006	President of Seaboard Capital Corp. a private company that provides investment analysis and financial services to companies operating in the oil & gas, mining, and energy sectors.	451,333
I. Patrick Trustram-Eve ⁽¹⁾ Greater London England	Director February 2, 2007	Managing Director of TranslateMedia (a language services provider); Founding Director of ITC Ventures (venture capital investment group focused on small business opportunities in the media sector).	12,500
Lewis T. Reford ⁽²⁾⁽³⁾ Ontario Canada	Director January 20, 2011	Chief Financial Officer of Schneider Power Inc., the wind and solar project development division of Quantum Technologies, a U.S. based alternative energy solutions company.	408,000
Michael J. P. Brown ⁽²⁾⁽³⁾ Ontario Canada	Director October 26, 2011	President and CEO of Argentex Mining Corporation— (publicly traded mineral exploration company).	0

Name and Province or State and Country of Residence	Present Office and Date First Appointed a Director	Principal Occupation During the Past Five Years	Number of Common Shares ⁽⁴⁾
C. Winston Bennett⁽¹⁾⁽³⁾ Ontario Canada	Director March 8, 2010	Vice-President of Helios Energy Inc. (a developer of large-scale solar energy systems).	7,500

Notes:

- (1) Member of the Audit Committee
- (2) Member of the Compensation Committee
- (3) Member of the Corporate Governance Committee
- (4) Number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised as at the Record Date. No director, together with the director's associates and affiliates beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the Corporation's shares.

To the best of the Corporation's knowledge, no proposed director is, as at the date of this circular, or was within 10 years before the date of this circular, a director, chief executive officer or chief financial officer of any company that was subject to:

- a) a cease trade or similar order or an order that denied the Corporation access to any exemption under securities legislation that was issued while the proposed director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- b) an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the best of the Corporation's knowledge, no proposed director:

- a) is, as at the date of this circular, or has been within the 10 years before the date of this circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, 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
- b) has, within the 10 years before the date of this 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, executive officer or shareholder.

To the best of the Corporation's knowledge, no proposed director has been subject to:

- a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, or entered into a settlement agreement with a securities regulatory authority; or
- b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for the proposed director.

The above information has been furnished by the respective proposed directors individually.

4. Appointment and Remuneration of Auditor

Davidson & Company LLP, Chartered Accountants (“**Davidson**”), of Suite 1200, 609 Granville Street, Vancouver, British Columbia, is currently the auditor of the Corporation. **Unless otherwise directed, it is the intention of the Management Designees to vote the proxies in favour of the appointment of Davidson as the auditor of the Corporation for the ensuing year at a remuneration to be approved by the Audit Committee.**

5. Ratification of Stock Option Plan

The Option Plan is described under ‘Executive Compensation –Stock Option Plan’.

The policies of the TSX Venture Exchange require stock option plans which reserve for issuance up to 10% (instead of a fixed number) of a listed corporation’s shares be approved annually by its shareholders. That approval is being sought at the Meeting by way of an ordinary resolution. The persons named in the Proxy or VIF intend to vote in favour of this proposed resolution.

Following approval of the Option Plan by the shareholders any options granted pursuant to the Option Plan will not require further shareholder or Exchange approval unless the exercise price is reduced or the expiry date is extended for an option held by an insider of the Corporation.

Unless otherwise directed, it is the intention of the Management Designees, if named as Proxyholder, to vote in favour of the ordinary resolution approving the Option Plan.

6. Advance Notice Policy / Provision for Election of Directors

Introduction

The Board adopted on August 27, 2014, subject to ratification by Shareholders, an advance notice policy (the “**Advance Notice Policy**”) which it believes will: (i) facilitate orderly and efficient annual general meeting of Shareholders or, where the need arises, special, meetings of Shareholders; (ii) ensure that all Shareholders receive adequate notice of the persons nominated for election as director and sufficient information with respect to all nominees; and (iii) allow Shareholders to register an informed vote.

The Board is now proposing that the Corporation’s Articles be altered to incorporate the provisions of the Advance Notice Policy (the “**Advance Notice Provision**”). Any reference in this section to Advance Notice Provision includes the Advance Notice Policy.

Purpose of the Advance Notice Provision

The purpose of the Advance Notice Provision is to provide Shareholders, directors and management of the Corporation with guidance on the process for nomination of persons for election as directors in order to meet the Corporation’s goals described under ‘Introduction’ and ensure that all Shareholders – including those participating in a meeting by proxy rather than in person – receive adequate notice of the nominations to be considered at a meeting and can thereby exercise their voting rights in an informed manner. The Advance Notice Provision is the framework by which the Corporation seeks to fix a deadline by which holders of record of Common Shares must submit names of nominees for election as directors to the Corporation prior to any annual or special meeting of Shareholders and sets forth the information that a Shareholder must include in the notice to the Corporation for the notice to be in proper written form.

Effect of the Advance Notice Provision

Subject only to the British Columbia *Business Corporations Act* (the “**BCA**”) and the Corporation’s Articles, only persons nominated in accordance with the following procedures shall be eligible for election to the Board. Nominations of persons for election to the Board may be made at any annual general meeting of Shareholders, or at any special meeting of Shareholders if one of the purposes for which the special meeting was called was the election of directors: (a) by or at the direction of the Board, including pursuant to a notice of meeting; (b) by or at the direction or request of one or more Shareholders pursuant to a proposal made in accordance with the provisions of the BCA, or a requisition of the Shareholders made in accordance with the provisions of the BCA; or (c) by any person (a “**Nominating Shareholder**”) who (i) at the close of business on the date of the giving of the notice provided for below in the Advance Notice Provision and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more Common Shares or who beneficially owns Common Shares; and (ii) complies with the notice procedures set forth below in the Advance Notice Provision.

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

To be timely, a Nominating Shareholder’s notice to the Corporate Secretary of the Corporation must be made: (a) in the case of an annual general meeting of Shareholders, not less than 35 nor more than 60 days prior to the date of the annual meeting of Shareholders; but if the annual general meeting of Shareholders is to be held on a date that is less than 50 days after the date (the “**Announcement Date**”) on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the 10th day following the Announcement Date; and (b) in the case of a special meeting (which is not also an annual general meeting) of Shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the 15th day following the day on which the first public announcement of the date of the special meeting of Shareholders was made. In no event shall any adjournment or postponement of a meeting of Shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder’s notice as described above. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement.

To be in proper written form, a Nominating Shareholder’s notice to the Corporate Secretary of the Corporation must set forth: (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (i) the name, age, business address and residential address of the person; (ii) the principal occupation or employment of the person; (iii) the class or series and number of Common Shares which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (iv) any other information relating to the person that would be required to be disclosed in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the BCA and Applicable Securities Laws (as defined below); and (b) as to the Nominating Shareholder giving the notice, the class or series and number of Common Shares which are controlled or which are owned beneficially or of record by the Nominating Shareholder as of the record date for the meeting (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice and any other information relating to such Nominating Shareholder that would be required to be made in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the BCA and Applicable Securities Laws (as defined below).

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

For purposes of the Advance Notice Provision: (a) “**public announcement**” shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and (b) “**Applicable Securities Laws**” means the *Securities Act* (British Columbia) and the equivalent legislation in the other provinces and in the territories of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each applicable provinces and territories of Canada.

Notwithstanding any other provision of the Advance Notice Provision, notice or any delivery given to the Corporate Secretary of the Corporation pursuant to the Advance Notice Provision may only be given by personal delivery, facsimile transmission or by e-mail (provided that the Corporate Secretary of the Corporation has provided an e-mail address for purposes of this notice, at such e-mail address as stipulated from time to time), and shall be deemed to have been given and made only at the time it is served by personal delivery, e-mail (provided that receipt is acknowledged) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Corporate Secretary at the address of the principal executive offices of the Corporation. If such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

Vote Required and Recommendation of the Board

The Corporation is seeking ratification of the Advance Notice Policy by an ordinary resolution of the Shareholders. Such resolution will also authorize any amendment to the Policy as the Board deems it appropriate and in the best interest of the Corporation and to do so without further confirmation, ratification or approval of the Shareholders.

The Corporation is also seeking authorization from the Shareholders to alter its Articles to include the proposed Advance Notice Provision by an ordinary resolution of the Shareholders. Such resolution will also authorize any amendment to the Advance Notice Provision as the Board deems it appropriate and in the best interest of the Corporation and to do so without further confirmation, ratification or approval of the Shareholders.

The Board has concluded that the Advance Notice Policy and Advance Notice Provision are in the best interests of the Corporation and its Shareholders. **The Board recommends that Shareholders vote in favour of the proposed resolutions. Unless otherwise directed, it is the intention of the Management Designees, if named as Proxyholder, to vote in favour of the proposed resolution.**

OTHER BUSINESS

While there is no other business other than that business mentioned in the Notice of Meeting to be presented for action by the shareholders at the Meeting, **it is intended that the Proxies and VIFs hereby**

solicited will be exercised upon any other matters and proposals that may properly come before the Meeting or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is on SEDAR at www.sedar.com. Shareholders may contact the Corporation by mail at Suite 501, 543 Granville Street, Vancouver, British Columbia V6C 1X8, Canada, telecopier at 1-604-688-1157, telephone at 1-604-662-8448 (collect calls accepted) or e-mail at kcasswell@seabordservices.com to request copies of the Corporation's financial statements and MD&A.

Financial information for the Corporation's most recently completed financial year is provided in its comparative financial statements and MD&A which are also filed on SEDAR.

DATED this 5th day of September, 2014.

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) KIM C. CASSWELL
Secretary

**CHARTER
FOR
THE AUDIT COMMITTEE
OF
THE BOARD OF DIRECTORS
OF
RESERVOIR CAPITAL CORP.**

I. MANDATE

The Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Reservoir Capital Corp. (the “**Company**”) shall assist the Board in fulfilling its financial oversight responsibilities. The Committee’s primary duties and responsibilities under this mandate are to serve as an independent and objective party to monitor:

1. The quality and integrity of the Company’s financial statements and other financial information;
2. The compliance of such statements and information with legal and regulatory requirements;
3. The qualifications and independence of the Company’s independent external auditor (the “**Auditor**”); and
4. The performance of the Company’s internal accounting procedures and Auditor.

II. STRUCTURE AND OPERATIONS

A. Composition

The Committee shall be comprised of three or more members, the majority of which shall be independent.

B. Qualifications

Each member of the Committee must be a member of the Board.

A majority of the members of the Committee shall not be officers or employees of the Company or of an affiliate of the Company.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement, and cash flow statement.

C. Appointment and Removal

In accordance with the By-Laws of the Company, the members of the Committee shall be appointed by the Board and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a majority vote of the Board.

D. Chair

Unless the Board shall select a Chair, the members of the Committee shall designate a Chair by the majority vote of all of the members of the Committee. The Chair shall call, set the agendas for and chair all meetings of the Committee.

E. Sub-Committees

The Committee may form and delegate authority to sub-committees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that a decision of such sub-committee to grant a pre-approval shall be presented to the full Committee at its next scheduled meeting.

F. Meetings

The Committee shall meet at least once in each fiscal year, or more frequently as circumstances dictate. 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 feels it is necessary or appropriate, at every 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 or the shareholders of the Company.

At each meeting, 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.

As part of its goal to foster open communication, the Committee may periodically meet separately with each of management and the Auditor to discuss any matters that the Committee 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 in a manner consistent with Section III of this Charter.

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. The Committee may also exclude from its meetings any person it deems appropriate to exclude in order to carry out its responsibilities.

III. DUTIES

A. Introduction

The following functions shall be the common recurring duties of the Committee in carrying out its purposes outlined in Section I of this Charter. These duties should serve as a guide with the understanding that the Committee may fulfill additional duties and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern which the Committee in its sole discretion deems appropriate for study or investigation by the Committee.

The Committee shall be given full access to the Company's internal accounting staff, managers, other staff and Auditor as necessary to carry out these duties. While acting within the scope of its stated purpose, the Committee shall have all the authority of, but shall remain subject to, the Board.

B. Powers and Responsibilities

The Committee will have the following responsibilities and, in order to perform and discharge these responsibilities, will be vested with the powers and authorities set forth below, namely, the Committee shall:

Independence of Auditor

- 1). Review and discuss with the Auditor any disclosed relationships or services that may impact the objectivity and independence of the Auditor and, if necessary, obtain a formal written statement from the Auditor setting forth all relationships between the Auditor and the Company, consistent with the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.
- 2). Take, or recommend that the Board take, appropriate action to oversee the independence of the Auditor.
- 3). Require the Auditor to report directly to the Committee.
- 4). Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external auditor of the Company.

Performance & Completion by Auditor of its Work

- 5). Be directly responsible for the oversight of the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.
- 6). Review annually the performance of the Auditor and recommend the appointment by the Board of a new, or re-election by the Company's shareholders of the existing, Auditor.

- 7). Pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by the Auditor unless such non-audit services:
- (a) which are not pre-approved, are reasonably expected not to constitute, in the aggregate, more than 5% of the total amount of revenues paid by the Company to the Auditor during the fiscal year in which the non-audit services are provided;
 - (b) were not recognized by the Company at the time of the engagement to be non-audit services; and
 - (c) are promptly brought to the attention of the Committee by Management and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee.

Internal Financial Controls & Operations of the Company

- 8). Establish procedures for:
- (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Preparation of Financial Statements

- 9). Discuss with management and the Auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
- 10). Discuss with management and the Auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.
- 11). Discuss with management and the Auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
- 12). Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
- 13). Discuss with the Auditor the matters required to be discussed relating to the conduct of any audit, in particular:
- (a) The adoption of, or changes to, the Company's significant auditing and accounting principles and practices as suggested by the Auditor or management.

- (b) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

Public Disclosure by the Company

- 14). Review the Company's annual and quarterly financial statements, management's discussion and analysis (MD&A) and press releases before the Board approves and the Company publicly discloses this information.
- 15). Review the Company's financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of 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 assessing the adequacy of those procedures.
- 16). Review any disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process of the Company's financial statements about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

Manner of Carrying Out its Mandate

- 17). Consult, to the extent it deems necessary or appropriate, with the Auditor but without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- 18). Request any officer or employee of the Company or the Company's outside counsel or Auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.
- 19). Have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other consultants to advise the Committee.
- 20). Meet, to the extent it deems necessary or appropriate, with management and the Auditor in separate executive sessions at least quarterly.
- 21). Make regular reports to the Board.
- 22). Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- 23). Annually review the Committee's own performance.
- 24). Provide an open avenue of communication among the Auditor to the Board.
- 25). Not delegate these responsibilities other than to one or more independent members of the Committee the authority to pre-approve, which the Committee must ratify at its next meeting, non-audit services to be provided by the Auditor.

C. Limitation of Audit Committee's Role

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the Auditor.