

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual general and special meeting (the “**Meeting**”) of the holders of common shares of NanoStruck Technologies Inc. (the “**Company**”) will be held at Suite 1820 - 925 West Georgia Street, Vancouver, British Columbia on **Friday, June 20, 2014** at 11:00 a.m. (Vancouver Time) for the following purposes:

1. To fix the number of directors for the ensuing year at six;
2. To elect directors of the Company for the ensuing year;
3. To appoint Collins Barrow Toronto LLP, as auditors for the ensuing year and to authorize the directors to fix the auditor’s remuneration;
4. To re-approve the stock option plan of the Company;
5. To consider and, if thought fit, pass a special resolution to amend the Company’s Articles to adopt the advance notice provisions; and
6. To transact any other business that may properly come before the meeting and any adjournment thereof.

Accompanying this Notice is the Information Circular in respect of the Meeting, which includes, among other things, the full text of the above resolutions and detailed information relating to the matters to be addressed at the Meeting. Please advise the Company of any change in your mailing address.

Registered Shareholders: Every registered shareholder of common shares at the close of business on the record date is entitled to receive notice of and to attend and vote such common shares at the Meeting. Registered shareholders who are unable to attend the Meeting in person and who wish to ensure that their common shares will be voted at the Meeting are requested to complete, sign and deliver the enclosed form of proxy c/o Proxy Dept., Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1. In order to be valid and acted upon at the Meeting, forms of proxy must be returned to the aforesaid address not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournments thereof. Further instructions with respect to the voting by proxy are provided in the form of proxy and in the Information Circular accompanying this Notice.

Non-Registered Shareholders: Shareholders may beneficially own common shares that are registered in the name of a broker, another intermediary or an agent of that broker or intermediary (“**Non-Registered Shareholders**”). Without specific instructions, intermediaries are prohibited from voting shares for their clients. **If you are a Non-Registered Shareholder, it is vital that the voting instruction form provided to you by your broker, intermediary or its agent is returned according to their instructions, sufficiently in advance of the deadline specified by the broker, intermediary or agent, to ensure that they are able to provided voting instructions on your behalf.**

DATED at Vancouver, British Columbia, this 16th day of May, 2014.

BY ORDER OF THE BOARD OF DIRECTORS

“Bundeep Singh Rangar”

Bundeep Singh Rangar,
Chief Executive Officer

INFORMATION CIRCULAR

(Containing information as at May 16, 2014 unless indicated otherwise)

This Information Circular is furnished in connection with the solicitation of proxies by the management of NanoStruck Technologies Inc. (the “**Company**”) for use at the annual general and special meeting (the “**Meeting**”) of its shareholders to be held on June 20, 2014 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.

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

GENERAL PROXY INFORMATION

Solicitation of Proxies

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

Appointment of Proxyholders

The individuals named in the accompanying form of proxy (the “**Proxy**”) are officers and/or directors of the Company. **IF YOU ARE A SHAREHOLDER ENTITLED TO VOTE AT THE MEETING, YOU HAVE THE RIGHT TO APPOINT A PERSON OR COMPANY OTHER THAN EITHER OF THE PERSONS DESIGNATED IN THE PROXY, WHO NEED NOT BE A SHAREHOLDER, TO ATTEND AND ACT FOR YOU AND ON YOUR BEHALF AT THE MEETING. YOU MAY DO SO EITHER BY INSERTING THE NAME OF THAT OTHER PERSON IN THE BLANK SPACE PROVIDED IN THE PROXY OR BY COMPLETING AND DELIVERING ANOTHER SUITABLE FORM OF PROXY.** If your Common Shares are held in physical form (ie. paper form) and are registered in your name, then you are a registered shareholder (“**Registered Shareholder**”). However, if, like most shareholders, you keep your Common Shares in a brokerage account, then you are a Beneficial Shareholder. The manner for voting is different for Registered Shareholders and Beneficial Shareholders. The instructions below should be read carefully by all shareholders.

Voting by Proxyholder

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

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

In respect of a matter for which a choice is not specified or where both choices have been specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.

Registered Shareholders

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

- (a) completing, dating and signing the enclosed form of Proxy and returning it to the Company's transfer agent, Computershare Investor Services Inc. ("**Computershare**"), by mail or by hand to the 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1;
- (b) using a touch-tone phone to transmit voting choices to the following toll-free number 1-866-732-8683. Registered Shareholders must follow the instructions of the voice response system and refer to the enclosed Proxy form for the holder's account number and the Proxy control number; or
- (c) using the Internet through the website of the Company's transfer agent at www.investorvote.com. Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed Proxy form for the holder's account number and the Proxy control number.

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

Beneficial Shareholders

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

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

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

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

The Company is taking advantage of the provisions of National Instrument 54-101 of the Canadian Securities Administrators, which permit it to directly deliver Proxy-related materials to its NOBOs. As a result NOBOs can expect to receive a scannable Voting Instruction Form (a "**VIF**") from Computershare. These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and Internet voting as described on the VIF itself which contain complete instructions. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

These securityholder materials are being sent to both registered and non-registered owners of the securities of the Company. If you are a non-registered owner, and the Company or its agent has sent these materials

directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in your request for voting instructions.

Beneficial Shareholders who are OBOs should follow the instructions of their intermediary carefully to ensure that their Common Shares are voted at the Meeting.

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

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

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

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a Registered Shareholder who has given a Proxy may revoke it by executing a Proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Registered Shareholder or the Registered Shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the Proxy bearing a later date to Computershare at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or at the address of the registered office of the Company at Suite 804 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T7, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof.

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

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

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct

or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors, the appointment of the auditor and as may be set out herein.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors (the “**Board**”) of the Company has fixed May 16, 2014 as the record date (the “**Record Date**”) for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of Proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

As at the Record Date, there were 85,052,508 Common Shares issued and outstanding, each carrying the right to one vote.

On a show of hands, every individual who is present and is entitled to vote as a shareholder or as a representative of one or more corporate shareholders will have one vote, and on a poll every shareholder present in person or represented by a Proxy and every person who is a representative of one or more corporate shareholders, will have one vote for each Common Share registered in that shareholder’s name on the list of shareholders as at the Record Date, which is available for inspection during normal business hours at Computershare and will be available at the Meeting.

To the knowledge of the directors and executive officers of the Company, no persons or corporations beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying 10% or more of the voting rights attached to all outstanding Common Shares of the Company as at the Record Date.

SETTING NUMBER OF DIRECTORS

The persons named in the enclosed Proxy intend to vote in favour of fixing the number of directors at six (6). The Board proposes that the number of directors be fixed at six (6). Shareholders will therefore be asked to approve an ordinary resolution that the number of directors elected be fixed at six (6).

ELECTION OF DIRECTORS

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

If there are more nominees for election as directors than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled.

The following table sets out the names of management’s nominees for election as a director (a “proposed director”), the province and country in which he is ordinarily resident, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee’s principal occupation, business or employment for the five preceding years for new director nominees, the period of time during which each has been a director of the Company and the number of Common Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the Record Date.

| Name of Nominee, Province and Country of Ordinary Residence and Positions Held with the Company | Occupation, Business or Employment ⁽¹⁾ | Director of the Company Since | Common Shares Beneficially Owned or Controlled, or Directed, Directly or Indirectly ⁽¹⁾ |
|---|---|-------------------------------|--|
| Bundeep Singh Rangar England, United Kingdom <i>Interim CEO, Chairman and Director</i> | Founder of IndusView UK Ltd., a corporate finance advisory firm and India M&A specialist based in London, Delhi and Mumbai. | June 19, 2013 | 1,629,911 ⁽³⁾ |

| Name of Nominee, Province and Country of Ordinary Residence and Positions Held with the Company | Occupation, Business or Employment ⁽¹⁾ | Director of the Company Since | Common Shares Beneficially Owned or Controlled, or Directed, Directly or Indirectly ⁽¹⁾ |
|---|--|-------------------------------|--|
| Raj Kurichh⁽²⁾ Ontario, Canada <i>Chief Marketing Officer and Director</i> | Founder of Power Factor 30 Canada; a company that helps consumers manage their energy consumption; Advisor for new franchisees across Eastern Canada at DirectBuy Inc., the largest franchiser of members-only consumer buying centers in North America. | May 28, 2013 | 5,394,126 ⁽⁴⁾ |
| John Morita⁽²⁾ British Columbia, Canada <i>Director</i> | Professional accountant and self-employed management consultant providing financial and management consulting services to public and private companies. | May 28, 2013 | 82,000 |
| Stephen John McCann, FCA⁽²⁾ North Yorkshire, United Kingdom <i>Director</i> | Professional financial consultant and self-employed management consultant providing financial and management consulting services to public and private companies; CFO of IXL Holdings Ltd. Group based in Malta and England. | April 11, 2014 | Nil |
| Brij Chadda Mississauga, ON <i>Proposed Director</i> | Retired. Formerly with the Government of Ontario in financial policy and budget allocations, as well as water and sewage issues. Served for five years as a director of Mississauga-Halton LHIN (Local Health Integration Networks). | - | 100,000 ⁽⁵⁾ |
| Martin Bernholtz Markham, ON <i>Proposed Director</i> | CFO Kerbel Group Inc., an integrated real estate development company and property owner/manager. | - | 750,000 ⁽⁶⁾ |

- (1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years.
- (2) Denotes member of Audit Committee.
- (3) All of the 1,629,911 Common Shares are held by Rangar Capital Limited, a company wholly-owned by Bundeep Singh Rangar.
- (4) Of the 5,394,126 Common Shares, 5,000,000 are held by Elbasan International Inc., a company wholly-owned by Raj Kurichh and 394,126 are held directly by Mr. Kurichh.
- (5) All of the 100,000 Common Shares are held jointly by Brij Chadda and his wife, Tejinder Chadda.
- (6) All of the 750,000 Common Shares are held by Accretive Capital Corp., a company wholly-owned by Martin Bernholtz.

None of the proposed directors of the Company is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and officers of the Company acting solely in such capacity.

CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES

As at the date of this Information Circular, and within the last 10 years before the date of this Information Circular, no proposed director (or any of their personal holding companies) of the Company was a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days while that person was acting in the capacity as director, executive officer or chief financial officer; or
- (b) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation in each case for a period of 30 consecutive days, that was issued after the person ceased to be a director, chief executive officer or chief financial officer in the company and which resulted from an event that occurred while that person was acting in the capacity as director, executive officer or chief financial officer; or
- (c) is as at the date of this Information Circular or has been within 10 years before the date of this Information Circular, a director or executive officer of any company, including the Company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (d) has within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager as trustee appointed to hold the assets of that individual.

None of the proposed directors (or any of their personal holding companies) has been subject to:

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

APPOINTMENT OF AUDITOR

On October 25, 2013, I. Vellmer Inc., Chartered Accountant, resigned as auditor of the Company. I. Vellmer Inc. had been the auditor of the Company since January 23, 2009. On October 25, 2013, management of the Company appointed Collins Barrow Toronto LLP, Chartered Accountants, of Collins Barrow Place, 11 King Street West, Suite 700, Box 27, Toronto, Ontario, M5H 4C7, as the successor auditor. The reporting package required by National Instrument 51-102 *Continuous Disclosure Obligations* regarding the change of auditor is attached to this Information Circular as Schedule "A" and was filed on SEDAR on October 25, 2013 at www.sedar.com.

Collins Barrow Toronto LLP will be nominated at the Meeting for appointment as auditor of the Company at a remuneration to be fixed by the Board.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

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

The Audit Committee's Charter

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

Composition of the Audit Committee

The members of the Audit Committee are John Morita (Chair), Raj Kurichh and Stephen John McCann. John Morita and Stephen John McCann are not executive officers of the Company and are considered to be

independent. Raj Kurichh is an executive officer of the Company and, therefore, is not considered to be an independent member of the Audit Committee. All members are considered to be generally financially literate.

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

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

Relevant Education and Experience

John Morita has been a director of the Company since May 28, 2013 and was the CFO from September 18, 2009 to May 28, 2013. Mr. Morita has been a professional accountant for over 40 years and is a member of the Certified General Accountants Association of B.C. Mr. Morita is currently a self employed management consultant and provides financial and management consulting services to public and private companies. He has been the CFO of Alabama Graphite Corp. (TSX-V:ALP) since May 2011, Secretary since September 2012, and was a director from May 2011 to October 2012 and reappointed on March 8, 2013. He has been the CFO and a director of Mineral Mountain Resources Ltd. (TSX-V:MMV) since September 2009. He has been the CFO and a director of Crestwell Resources Inc. (CSE:CER) since July 2011. He was formerly a director of P&P Ventures Inc. (formerly Polo Biology Global Group Corporation) (TSX-V:PGG) from November 2009 to August 2013. He was formerly CFO and a director of Urastar Gold Corp. (TSX-V:URS) from November 2009 to May 2013, CFO of Acadia Resources Corp. from April 2010 to May 2012, CFO of Meadow Bay Gold Corporation from December 2008 to February 2009, CFO of Maxtec Ventures Inc. from September 2008 to March 2011, and CFO and a director of Simba Gold Corp. from April 2008 to March 2011. In the past five years he has served as a director and/ or president or CFO of several other public companies.

Raj Kurichh has been a director of the Company since May 28, 2013, the Chief Marketing Officer since November 4, 2013 and was the Executive VP, Corporate Affairs until November 4, 2013. Mr. Kurichh is a long-standing entrepreneur who brings more than 15 years combined experience in marketing, business development, investor relations, sales and management. In his expanded role, Mr. Kurichh will be responsible for investor relations, marketing activities and social media. Prior to joining the Company, he was the founder of Power Factor 30 Canada; a company that helps consumers manage their energy consumption. In addition, he was an advisor for new franchisees across Eastern Canada at DirectBuy Inc., the largest franchiser of members-only consumer buying centers in North America.

Stephen John McCann has been a director of the Company since April 11, 2014. He is a professional financial consultant and self-employed management consultant providing financial and management consulting services to public and private companies. In 2006, Mr. McCann was appointed CFO of Cubus Lux plc, a British public company with operations in Croatia. Previously he worked for Milliken & Co., the US textile and chemicals company based in Viersen, Germany where he controlled finances of the entire Achter Group with responsibilities for subsidiaries in the UK, Spain, Brazil and Germany. In this role, he became a senior executive in the Milliken hierarchy in Spartanburg, South Carolina, USA. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

Each member of the Audit Committee have in general adequate education and experience that would provide the member with:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising individuals engaged in such activities; and

- (c) an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year has the Audit Committee made any recommendations to the Board to nominate or compensate its auditor which were not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

Pre-Approval Policies and Procedures

All services to be performed by the independent auditor of the Company must be approved in advance by the Audit Committee. The Audit Committee has considered whether the provisions of services other than audit services is compatible with maintaining the auditor's independence and has adopted a policy governing the provision of these services. This policy requires that pre-approval by the Audit Committee of all audit and non-audit services provide by any external auditor, other than any de minimus non-audit services allowed by applicable law or regulation.

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by I. Vellmer Inc., Chartered Accountant, for the year ended September 30, 2012 and by Collins Barrow Toronto LLP, Chartered Accountants, for the year ended September 30, 2013, to the Company to ensure auditor independence. Fees incurred for audit and non-audit services in the last two fiscal years for audit fees are outlined in the following table:

| Nature of Services | Fees Billed by Auditor for the Year Ended September 30, 2013 ⁽¹⁾ | Fees Billed by Auditor for the Year Ended September 30, 2012 ⁽²⁾ |
|-----------------------------------|---|---|
| Audit Fees ⁽³⁾ | \$41,200 | \$12,600 |
| Audit-Related Fees ⁽⁴⁾ | Nil | Nil |
| Tax Fees ⁽⁵⁾ | Nil | \$650 |
| All Other Fees ⁽⁶⁾ | Nil | Nil |
| TOTAL: | \$41,200 | \$13,250 |

- (1) Fees paid to Collins Barrow Toronto LLP, Chartered Accountants, who were appointed auditors of the Company effective October 25, 2013. See attached Schedule "A" regarding the notice of change of auditor package.
- (2) Fees paid to I. Vellmer Inc., Chartered Accountant, who resigned as auditor of the Company effective October 25, 2013. See attached Schedule "A" regarding the notice of change of auditor package.
- (3) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (4) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (5) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (6) "All Other Fees" include all other non-audit services.

Exemption

The Company is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its Audit Committee and in respect of its reporting obligations under NI 52-110 for the year ended September 30, 2013. This exemption exempts a “venture issuer” from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of that instrument, as would otherwise be required by NI 52-110.

CORPORATE GOVERNANCE

General

Corporate governance refers to the policies and structure of the Board of a company whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the Board from executive management and the adoption of policies to ensure the Board recognizes the principles of good management. The Board is committed to sound corporate governance practices, as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

Effective June 30, 2005, National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) and National Policy 58-201 *Corporate Governance Guidelines* (“**NP 58-201**”) were adopted in each of the provinces and territories of Canada. NI 58-101 requires issuers to disclose the corporate governance practices that they have adopted. NP 58-201 provides guidance on corporate governance practices. This section sets out the Company’s approach to corporate governance and addresses the Company’s compliance with NI 58-101.

Board of Directors

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

The Company’s Board facilitates its exercise of independent judgement in carrying out its responsibilities by carefully examining issues and consulting with outside counsel and other advisors in appropriate circumstances. The Company’s Board requires management to provide complete and accurate information with respect to the Company’s activities and to provide relevant information concerning the industry in which the Company operates in order to identify and manage risks. The Company’s Board is responsible for monitoring the Company’s officers, who in turn are responsible for the maintenance of internal controls and management information systems.

The current independent members of the Board are John Morita and Stephen John McCann. The non-independent members of the Board are Bundeep Singh Rangar, interim CEO of the Company and Raj Kurichh, Chief Marketing Officer of the Company.

Directorships

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

John Morita:

| Reporting Issuer | Exchange & Symbol | Date Appointed |
|---------------------------------|-------------------|----------------|
| Crestwell Resources Inc. | CSE:CER | July 2011 |
| Mineral Mountain Resources Ltd. | TSX-V:MMV | September 2009 |
| Alabama Graphite Corp. | TSX-V:ALP | March 8, 2013 |

Orientation and Continuing Education

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

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

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual directors' participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company. Further, the Company's auditor has full and unrestricted access to the Audit Committee at all times to discuss the audit of the Company's financial statements and any related findings as to the integrity of the financial reporting process.

Nomination of Directors

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

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

Compensation

The Board as a whole determines compensation for the directors and the Chief Executive Officer.

Other Board Committees

In addition to the Audit Committee, the Board has established a Compensation Committee, Corporate Governance Committee and a Special Committee for Corporate Governance Compliance.

Compensation Committee

On June 5, 2013, the Company established the Compensation Committee to provide the Board with recommendations as to the Company's current compensation packages. The members of the Compensation Committee are Raj Kurichh (Chair) and John Morita.

Assessments

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

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation, Philosophy and Objectives

The Company does not have a formal compensation program. The Board, through the Compensation Committee, meets to discuss and determine management compensation, without reference to formal objectives, criteria or analysis. The general objectives of the Company's compensation strategy are to (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; (c) provide a compensation package that is commensurate with other junior mineral exploration / water remediation companies to enable the Company to attract and retain talent; and (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is a junior mineral exploration / water remediation companies without a history of earnings.

The Board, as a whole, ensures that total compensation paid to all Named Executive Officers (“**NEOs**”), as hereinafter defined, is fair and reasonable. The Board relies on the experience of its members as officers and directors with other junior mining water remediation companies in assessing compensation levels.

Analysis of Elements

Base salary is used to provide the NEOs a set amount of money during the year with the expectation that each NEO will perform his responsibilities to the best of his ability and in the best interests of the Company.

The Company considers the granting of incentive stock options to be a significant component of executive compensation as it allows the Company to reward each NEO’s efforts to increase value for shareholders without requiring the Company to use cash from its treasury. Stock options are generally awarded to executive officers at the commencement of employment and periodically thereafter. The terms and conditions of the Company’s stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Company’s stock option plan (the “**Plan**”).

Long Term Compensation and Option-Based Awards

The Company has no long-term incentive plans other than its Plan. The Company’s directors and officers and certain consultants are entitled to participate in the Plan. The Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the Plan aligns the interests of the NEO and the Board with shareholders by linking a component of executive compensation to the longer term performance of the Company’s Common Shares.

Options are granted by the Board. In monitoring or adjusting the option allotments, the Board takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous option grants and the objectives set for the NEOs and the Board. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility.

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

- parties who are entitled to participate in the Plan;
- the exercise price for each stock option granted, subject to the provision that the exercise price cannot be lower than the prescribed discount permitted by the Canadian Securities Exchange from the market price on the date of grant;
- the date on which each option is granted;
- the vesting period, if any, for each stock option;
- the other material terms and conditions of each stock option grant; and
- any re-pricing or amendment to a stock option grant.

The Board makes these determinations subject to and in accordance with the provisions of the Plan. The Board reviews and approves grants of options on an annual basis and periodically during a financial year.

Summary Compensation Table

In this section, a “Named Executive Officer” (“**NEO**”) includes (i) the CEO, (ii) the CFO, (iii) each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers as at the end of the most recently completed financial year of September 30, 2013, and whose total compensation was more than \$150,000; and (iv) any additional individuals for whom disclosure would have been required except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year.

The following table sets forth compensation paid to the Company’s NEOs during the financial years ended September 30, 2013, 2012 and 2011:

| Name and principal position | Year ⁽¹⁾ | Salary (\$) ⁽²⁾ | Share-based awards (\$) | Option-based awards (\$) ⁽³⁾ | Non-equity incentive plan compensation (\$) | | Pension value (\$) | All other compensation (\$) | Total compensation (\$) ⁽²⁾ |
|--|---------------------|----------------------------|-------------------------|---|---|--------------------------------|--------------------|-----------------------------|--|
| | | | | | Annual incentive plans (\$) | Long-term incentive plans (\$) | | | |
| Bundeep Singh Rangar ⁽⁴⁾ Interim CEO | 2013 | Nil | Nil | Nil | Nil | Nil | Nil | 26,475 ⁽⁵⁾ | 26,475 ⁽⁵⁾ |
| David Rowson ⁽⁶⁾ Former CEO | 2013 | Nil | Nil | Nil | Nil | Nil | Nil | 19,058 ⁽⁷⁾ | 19,058 ⁽⁷⁾ |
| Alfredo Albi ⁽⁸⁾ Former CFO | 2013 | Nil | Nil | Nil | Nil | Nil | Nil | 48,000 ⁽⁹⁾ | 48,000 ⁽⁹⁾ |
| John Morita ⁽¹⁰⁾ Former CFO | 2013 | Nil | Nil | Nil | Nil | Nil | Nil | 5,100 ⁽¹¹⁾ | 5,100 ⁽¹¹⁾ |
| | 2012 | Nil | Nil | Nil | Nil | Nil | Nil | 21,700 ⁽¹¹⁾ | 21,700 ⁽¹¹⁾ |
| | 2011 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Thomas Kennedy ⁽¹²⁾ Former CEO, President and Secretary | 2013 | Nil | Nil | 50,000 ⁽¹³⁾ | Nil | Nil | Nil | Nil | 50,000 ⁽¹³⁾ |
| | 2012 | Nil | Nil | Nil | Nil | Nil | Nil | 31,812 ⁽¹⁴⁾ | 31,812 ⁽¹⁴⁾ |
| | 2011 | Nil | Nil | 9,100 ⁽¹⁵⁾ | Nil | Nil | Nil | 10,250 ⁽¹⁶⁾ | 19,350 ⁽¹⁵⁾⁽¹⁶⁾ |

(1) Financial years ended September 30.

(2) All amounts shown were paid in Canadian currency, the reporting currency of the Company.

(3) Figures represent the grant date fair value of the options. The Company used the Black-Scholes option pricing model for calculating such fair value, as such model is commonly used by junior public companies. Assumptions used for such calculations include a risk free interest rate of 1.63%, annualized volatility of 81%, and a dividend rate of zero percent.

(4) Mr. Rangar has served as interim CEO since August 28, 2013.

(5) Consulting fees for Mr. Rangar for 3 months @ \$8,825 per month excluding out of pocket expenses.

(6) Mr. Rowson served as CEO from May 28, 2013 to August 13, 2013.

(7) Consulting fees for Mr. Rowson of \$12,258 for the period May 28, 2013 to August 31, 2013, and Company accommodation for 2 months @ \$3,400 per month and excludes out of pocket expenses.

(8) Mr. Albi served as CFO from May 28, 2013 to November 4, 2013.

(9) Consulting fees for Mr. Albi for the period May 28, 2014 to September 30, 2013 @ \$12,000 per month.

(10) Mr. Morita served as CFO from September 18, 2009 to May 28, 2013.

(11) Fees for financial consulting services paid to a company controlled by Mr. Morita.

(12) Mr. Kennedy served as President and CEO from September 18, 2009 to May 28, 2013, and as Secretary from December 9, 2009 to May 28, 2013.

(13) The Company granted options to Mr. Kennedy to purchase 50,000 Common Shares at an exercise price of \$0.48 (post-consolidated) per share expiring May 27, 2018.

(14) The Company granted options to Mr. Kennedy to purchase 50,000 Common Shares at an exercise price of \$0.36 (pre-consolidated) per share expiring March 1, 2013.

(15) Fees for rent and administrative expenses.

INCENTIVE PLAN AWARDS

Outstanding Option-Based Awards

The Company currently has in place a 10% rolling stock option plan. The purpose of granting stock options is to assist the Company in compensating, attracting, retaining and motivating its NEOs and to closely align the personal interests of such persons to that of the shareholders. In determining the number of options to be granted to the NEOs, the Board will take into account the number of options, if any, previously granted to each NEO and the exercise price of any outstanding options to ensure that such grants are in accordance with the Canadian Securities Exchange.

The following table sets out all option-based awards outstanding as at September 30, 2013 for each NEO. There were no share-based awards granted to any of the NEOs:

| Option-based Awards | | | | |
|---|---|----------------------------|------------------------|---|
| Name and Principal Position | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options (\$) ⁽¹⁾ |
| Bundeep Singh Rangar ⁽²⁾ Interim CEO | Nil | N/A | N/A | N/A |
| David Rowson ⁽³⁾ Former CEO | Nil | N/A | N/A | N/A |
| Alfredo Albi ⁽⁴⁾ Former CFO | Nil | N/A | N/A | N/A |
| John Morita ⁽⁵⁾ Former CFO | Nil | N/A | N/A | N/A |
| Thomas Kennedy ⁽⁶⁾ Former CEO, President and Secretary | 50,000 | \$0.48 | May 27, 2018 | Nil |

(1) This amount is based on the difference between the market value of the securities underlying the options on September 30, 2013, which was \$0.17, being the last trading day of the Company's shares for the financial year and the exercise price of any outstanding options.

(2) Mr. Rangar has served as interim CEO since August 28, 2013.

(3) Mr. Rowson served as CEO from May 28, 2013 to August 13, 2013.

(4) Mr. Albi served as CFO from May 28, 2013 to November 4, 2013.

(5) Mr. Morita served as CFO from September 18, 2009 to May 28, 2013.

(6) Mr. Kennedy served as President and CEO from September 18, 2009 to May 28, 2013, and as Secretary from December 9, 2009 to May 28, 2013

Incentive Plan Awards – Value Vested or Earned During The Year

The following table sets out the value vested during the year ended on September 30, 2013 for options awarded under the Plan for the NEO, as well as the value earned under non-equity incentive plans for the same period.

| Name | Option-based awards - Value vested during the year (\$) | Share-based awards - Value vested during the year (\$) | Non-equity incentive plan compensation - Value earned during the year (\$) |
|---|---|--|--|
| Bundeep Singh Rangar ⁽¹⁾ Interim CEO | N/A | N/A | N/A |
| David Rowson ⁽²⁾ Former CEO | N/A | N/A | N/A |
| Alfredo Albi ⁽³⁾ Former CFO | N/A | N/A | N/A |
| John Morita ⁽⁴⁾ Former CFO | N/A | N/A | N/A |
| Thomas Kennedy ⁽⁵⁾ Former CEO, President and Secretary | Nil | N/A | N/A |

(1) Mr. Rangar has served as interim CEO since August 28, 2013.

(2) Mr. Rowson served as CEO from May 28, 2013 to August 13, 2013.

(3) Mr. Albi served as CFO from May 28, 2013 to November 4, 2013.

(4) Mr. Morita served as CFO from September 18, 2009 to May 28, 2013.

(5) Mr. Kennedy served as President and CEO from September 18, 2009 to May 28, 2013, and as Secretary from December 9, 2009 to May 28, 2013

TERMINATION AND CHANGE OF CONTROL BENEFITS

Termination and Change of Control Benefits

The Company does not have any plan contract, agreement or plan or arrangement that provides for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, a change in control of the Company or a change in the NEO's responsibilities, other than as follows:

The services of Bundeep Singh Rangar, interim CEO of the Company, are provided pursuant to a consulting services agreement dated June 19, 2013 between the Company and Mr. Rangar. The agreement is for an indefinite term which shall remain in force until terminated by either of the parties, and provides for certain termination benefits. In the event that Mr. Rangar's consultancy is terminated in accordance with Section 4 of the agreement, the Company shall pay to Mr. Rangar the fees earned and the reimbursable expenses incurred up to the date of termination. Upon payment to Mr. Rangar of the amounts required to be paid to him pursuant to section 4.1.2 of the agreement, the Company shall have no further liability to Mr. Rangar for any sum whatsoever, including without limitation, loss of profit or any other losses suffered by Mr. Rangar resulting from such termination.

The services of David Rowson, who served as the CEO of the Company from May 28, 2013 to August 13, 2013, are provided pursuant to an undated independent consultant agreement between the Company's wholly-owned subsidiary, Blue Gold Tailings Technologies Ltd. ("BG") and Mr. Rowson. The agreement is for a term of one year and provides that BG may terminate the agreement at any time without cause. Mr. Rowson may retain amounts, if any, paid by BG under the agreement prior to termination, but explicitly waives any right to additional or other amounts of any kind.

The Company has no formal employment or consulting agreements with any other of its NEOs which provide for termination or change of control benefits.

DIRECTOR COMPENSATION

Director Compensation Table

The Company does not pay cash fees to any of its directors. The Company compensates its directors through option grants. NEOs do not receive additional compensation for serving as directors. Options were granted to directors who are not NEOs during the year ended September 30, 2013.

Outstanding Option-Based Awards

The following table sets forth for each director, other than those who are also NEOs of the Company, all awards outstanding at the end of the most recently completed financial year ended September 30, 2013, including awards granted before the most recently completed financial year.

| Name | Option-based Awards | | | |
|-------------------------------|---|----------------------------|------------------------|---|
| | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options (\$) ⁽¹⁾ |
| Lance Morginn ⁽²⁾ | 240,089 | \$0.48 | May 27, 2018 | Nil |
| James Chapman ⁽³⁾ | 16,006 | \$0.48 | May 27, 2018 | Nil |
| Bruce Hirsche ⁽⁴⁾ | 16,006 | \$0.48 | May 27, 2018 | Nil |
| Thomas Kennedy ⁽⁵⁾ | 16,006 | \$0.48 | May 27, 2018 | Nil |
| Evan Clifford ⁽⁶⁾ | 16,006 | \$0.48 | May 27, 2018 | Nil |
| Rocky Bellotti ⁽⁷⁾ | Nil | N/A | N/A | N/A |
| Raj Kurichh ⁽⁸⁾ | Nil | N/A | N/A | N/A |

- (1) This amount is based on the difference between the market value of the securities underlying the options on September 30, 2013, which was \$0.17, being the last trading day of the Company's shares for the financial year and the exercise price of any outstanding options.
- (2) Mr. Morginn served as a director of the Company from June 6, 2007 to June 19, 2013.
- (3) Mr. Chapman served as a director of the Company from June 6, 2007 to May 28, 2013.
- (4) Mr. Hirsche served as a director of the Company from December 17, 2010 to May 28, 2013.
- (5) Mr. Kennedy served as a director of the Company from September 18, 2009 to May 28, 2013.
- (6) Mr. Clifford served as a director of the Company from February 22, 2012 to May 28, 2013.
- (7) Mr. Bellotti served as a director of the Company from May 31, 2013 to January 24, 2014.
- (8) Mr. Kurichh has served as a director of the Company since May 28, 2013 and became an NEO of the Company after the year ended September 30, 2013 when he was appointed Chief Marketing Officer on November 4, 2013.

Narrative Discussion

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

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

Incentive Plan Awards – Value Vested or Earned During The Year

The following table sets forth, for each director, other than those who are also NEOs of the Company, the value of all incentive plan awards vested during the year ended September 30, 2013:

| Name | Option-based awards - Value vested during the year (\$) ⁽¹⁾ | Share-based awards - Value vested during the year (\$) | Non-equity incentive plan compensation - Value earned during the year (\$) |
|-------------------------------|--|--|--|
| Lance Morginn ⁽²⁾ | 240,089 | N/A | N/A |
| James Chapman ⁽³⁾ | 16,006 | N/A | N/A |
| Bruce Hirsche ⁽⁴⁾ | 16,006 | N/A | N/A |
| Thomas Kennedy ⁽⁵⁾ | 16,006 | N/A | N/A |
| Evan Clifford ⁽⁶⁾ | 16,006 | N/A | N/A |
| Rocky Bellotti ⁽⁷⁾ | N/A | N/A | N/A |
| Raj Kurichh ⁽⁸⁾ | N/A | N/A | N/A |

- (1) Figures represent the grant date fair value of the options. The Company used the Black-Scholes option pricing model for calculating such fair value, as such model is commonly used by junior public companies. Assumptions used for such calculations include a risk free interest rate of 1.63%, annualized volatility of 81%, and a dividend rate of zero percent.
- (2) Mr. Morginn served as a director of the Company from June 6, 2007 to June 19, 2013.
- (3) Mr. Chapman served as a director of the Company from June 6, 2007 to May 28, 2013.
- (4) Mr. Hirsche served as a director of the Company from December 17, 2010 to May 28, 2013.
- (5) Mr. Kennedy served as a director of the Company from September 18, 2009 to May 28, 2013.
- (6) Mr. Clifford served as a director of the Company from February 22, 2012 to May 28, 2013.
- (7) Mr. Bellotti served as a director of the Company from May 31, 2013 to January 24, 2014.
- (8) Mr. Kurichh has served as a director of the Company since May 28, 2013 and became an NEO of the Company after the year ended September 30, 2013 when he was appointed Chief Marketing Officer on November 4, 2013.

A description of the significant terms of the Plan is found under the heading "Particulars of Matters to be Acted Upon – Share Option Plan".

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which the Company has in place is the share option plan (the “Plan”) which was previously approved by the Board and the shareholders of the Company. The Plan has been established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Plan is administered by the Board. The Plan provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company. The Plan provides that the number of Common Shares issuable under the Plan, together with all of the Company’s other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of issued and outstanding Common Shares. All options expire on a date not later than five years after the date of grant of such option.

The following table sets out equity compensation plan information as at the end of the year ended September 30, 2013.

| Plan Category | Number of securities to be issued upon exercise of outstanding options⁽¹⁾ | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))⁽¹⁾⁽²⁾⁽³⁾ |
|---|---|--|--|
| Equity compensation plans approved by securityholders - (the Share Option Plan) | 950,000 | \$0.48 | 6,854,080 |
| Equity compensation plans not approved by securityholders | N/A | N/A | N/A |
| TOTAL: | 950,000 | | 6,854,080 |

(1) The above numbers are based on 78,040,802 Common Shares of the Company issued and outstanding as at September 30, 2013.

(2) As at the Record Date, the number of securities to be issued upon the exercise of outstanding options is 7,570,000.

(3) As at the Record Date, the number of securities remaining available for future issuance under the Plan is 245,251.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At no time during the Company’s last completed financial year or as of the Record Date, was any director, executive officer, employee, proposed management nominee for election as a director of the Company nor any associate of any such director, executive officer, or proposed management nominee of the Company or any former director, executive officer or employee of the Company or any of its subsidiaries indebted to the Company or any of its subsidiaries or indebted to another entity where such indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Company, no informed person (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries since October 1, 2012 (being the commencement of the Company’s last completed financial year), or has any interest in any material transaction in the current year other than as set out herein.

MANAGEMENT CONTRACTS

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

PARTICULARS OF MATTERS TO BE ACTED UPON

Re-Approval of Stock Option Plan

As of the date hereof, the Company's only incentive plan is the Stock Option Plan established on December 16, 2011 (the "**Plan**") which was adopted by the shareholders at the Company's annual general meeting held on February 22, 2012 pursuant to the Company's information circular dated January 4, 2012, which is available on SEDAR at www.sedar.com.

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

Eligible Optionees

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

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

Restrictions

The Plan is subject to the following restrictions:

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

- (h) The Company may implement such procedures and conditions as the Board deems appropriate with respect to withholding and remitting taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law.

Definitions

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

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

Material Terms of the Plan

The following is a summary of the material terms of the Plan:

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

the full particulars of the take over bid, and all outstanding options may, notwithstanding the vesting terms contained in the Plan or any vesting requirements subject to regulatory approval; and

- (j) the Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the Plan with respect to all Plan shares in respect of options which have not yet been granted under the Plan.

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

The Board may, without shareholder approval:

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

Shareholder Approval

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

“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT the Company’s Stock Option Plan dated December 16, 2011 be ratified, confirmed and approved, subject to any amendments that may be required by any applicable stock exchange or regulatory authority, as the directors of the Company may deem necessary or advisable.”

The Board recommends that shareholders vote in favour of the Plan. Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote FOR the approval of the foregoing ordinary resolution.

An ordinary resolution is a resolution passed by the shareholders of the Company at a general meeting by a simple majority of the votes cast in person or by proxy.

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

Alteration to Articles – Adoption of Advance Notice Provisions

Background

The directors of the Company are proposing that the Articles of the Company be amended to include provisions which will (i) facilitate orderly and efficient annual general or, where the need arises, special meetings; (ii) ensure that all shareholders receive adequate notice of the director nominations and sufficient information with respect to all nominees; and (iii) allow shareholders to register an informed vote (the “**Advanced Notice Provisions**”).

Purpose of the Advance Notice Policy

The purpose of the Advance Notice Provisions is to provide the Company’s shareholders, Board and management with a clear framework for nominating directors. The Advance Notice Provisions fix a deadline by which holders of record of common shares of the Company must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Company in order for any director nominee to be eligible for election at any annual or special meeting of the Company’s shareholders.

Terms of the Advance Notice Provisions

The following information is intended as a brief description of the Advance Notice Provisions and is qualified in its entirety by the full text of the Advance Notice Provisions, a copy of which is attached to this Information Circular as Schedule “C”.

The terms of the Advance Notice Provisions are summarized below:

The Advance Notice Provisions provide that advance notice to the Company must be given in circumstances where nominations of persons for election to the Board are made by shareholders of the Company other than pursuant to: (i) a “proposal” made in accordance with Division 7 of Part 5 of the *Business Corporations Act* (British Columbia) (the “**Act**”); or (ii) a requisition of the shareholders made in accordance with section 167 of the Act.

Among other things, the Advance Notice Provisions fix a deadline by which holders of record of common shares of the Company must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets forth the specific information that a shareholder must include in the written notice to the secretary of the Company for an effective nomination to occur. No person will be eligible for election as a director of the Company unless nominated in accordance with the provisions of the Advance Notice Provisions.

In the case of an annual meeting of shareholders, notice to the Company must be made not less than 30 days or more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement.

In the case of a special meeting (which is not also an annual meeting) of shareholders, notice to the Company must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

The Board may, in its sole discretion, waive any requirement of the Advance Notice Provisions.

Confirmation and Approval of Advance Notice Provisions by Shareholders

At the Meeting, the shareholders of the Company will be asked to approve a motion to include in the Articles of the Company the Advance Notice Provisions such that the Company receive adequate notice of nominations of people to be elected to serve as directors of the Company.

If the Advance Notice Provisions are approved at the Meeting, the Advance Notice Provisions will continue to be effective and in full force and effect in accordance with its terms and conditions beyond the termination of the

Meeting. Thereafter, the Advance Notice Provisions will be subject to periodic review by the Board, and will be updated to the extent needed to reflect changes required by securities regulatory agencies or stock exchanges, or so as to meet industry standards.

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

At the Meeting, the shareholders will be asked to approve the following by special resolution (the "**Advance Notice Provisions Resolution**"):

"BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. subject to clause 2 of these resolutions, the Articles of the Company be altered by adding as section 14.12 of the Articles provisions (collectively, the "**Advance Notice Provisions**") substantially as set forth in Schedule "B" to the Information Circular prepared for the meeting of shareholders of the Company to be held on June 20, 2014;
2. such alteration of the Articles shall become effective on that date on which amended Articles containing the Advance Notice Provisions are signed and dated by a director or executive officer of the Company, and such altered Articles shall thereupon be deposited for filing in the Company's Records Office as the Company's Articles;
3. the directors of the Company be authorized in its absolute discretion to administer the Advance Notice Provisions and amend or modify the Advance Notice Provisions in accordance with its terms and conditions to the extent needed to reflect changes required by securities regulatory agencies or stock exchanges, so as to meet industry standards;
4. the Company be authorized to abandon the Advance Notice Provisions, or revoke this resolution and abandon or terminate the alteration of the Articles of the Company if the Board deems it appropriate and in the best interests of the Company to do so without further confirmation, ratification or approval of its shareholders; and
5. any director or officer of the Company be authorized and directed to do all acts and things and to execute and deliver all documents required which, in the opinion of such director or officer, may be necessary or appropriate in order to give effect to these resolutions."

In order to be effective, the foregoing special resolution must be approved by 66 ⅔ of the votes cast by those shareholders of the Company who, being entitled to do so, vote in person or by proxy at the Meeting in respect of such resolution.

It is the intention of the persons named in the accompanying Proxy, if not expressly directed to the contrary in such Proxy, to vote such Proxies FOR the Advance Notice Provisions Resolution.

The Board reserves the right to abandon the Advance Notice Provisions Resolution should it deem it appropriate and in the best interests of the Company to do so.

The Board believes the passing of the Advance Notice Provisions Resolution is in the best interests of the Company and recommend that shareholders of the Company vote in favour of the Advance Notice Provisions Resolution.

ADDITIONAL INFORMATION

Financial information is provided in the audited financial statements of the Company for the year ended September 30, 2013 and in the related management discussion and analysis (together, the "**Financial Statements**"). The Financial Statements were filed on SEDAR on January 28, 2014 at www.sedar.com and will be placed before the Meeting.

Additional information relating to the Company and a copy of the Financial Statements may be obtained at www.sedar.com, and upon request from the Company at Suite 804 – 750 West Pender Street, Vancouver,

British Columbia, V6C 2T7, telephone: (604) 682-2928 or fax: (604) 685-6905. Copies of the above documents will be provided, upon request, free of charge to security holders of the Company. The Company may require the payment of a reasonable charge from any person or company who is not a security holder of the Company, who requests a copy of any such document.

OTHER MATTERS

The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of this Information Circular.

DIRECTORS' APPROVAL

The contents of this Information Circular and its distribution to shareholders have been approved by the Board.

DATED at Vancouver, British Columbia, this 16th day of May, 2014.

BY ORDER OF THE BOARD OF DIRECTORS

"Bundeep Singh Rangar"

Bundeep Singh Rangar
Interim Chief Executive Officer

SCHEDULE "A"

October 23, 2013

Collins Barrow Toronto LLP
Chartered Accountants
11 King Street W., Suite 700, Box 27
Toronto, ON M5H 4C7

I. Vellmer Inc.
Chartered Accountant
721 – 602 West Hastings Street
Vancouver, BC V6B 1P2

Dear Sirs/Mesdames:

**RE: Notice of Change of Auditors dated effective October 15, 2013
Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*
(the "Instrument") of the Canadian Securities Administrators**

The Company hereby provides notice pursuant to the Instrument of a change of auditor by NanoStruck Technologies Inc. (formerly Blue Gold Water Technologies Ltd.) (the "Company") from I. Vellmer Inc. to Collins Barrow Toronto LLP.

The Company confirms that:

- (a) The Company has decided to change its auditor from I. Vellmer Inc. (the "Former Auditors") to Collins Barrow Toronto LLP (the "Successor Auditors"). Consequently, the Company asked I. Vellmer Inc. to resign and I. Vellmer Inc. submitted its resignation effective October 15, 2013. Collins Barrow Toronto LLP has agreed to its appointment as the Company's new auditors.

At the next Annual General Meeting, the shareholders of the Company will be asked to approve the appointment of the firm Collins Barrow Toronto LLP as Successor Auditors.

- (b) There were no reservations contained in the Former Auditors' Reports for either of the Company's two most recently completed fiscal years nor for any period subsequent thereto for which an audit report was issued, preceding the date of this notice.
- (c) The Company's Audit Committee and Board of Directors have participated and approved the change of auditor for the Company and have also approved the appointment of Collins Barrow Toronto LLP, as Successor Auditors.
- (d) In the opinion of the Company, no "reportable events", as that term is defined in the Instrument have occurred prior to the date of this notice.

The Company requests that each of I. Vellmer Inc. and Collins Barrow Toronto LLP provide the Company with a letter, in digital format, addressed to the regulatory authorities stating whether or not it agrees with the above statements.

Thank you for your co-operation.

Yours truly,

NANOSTRUCK TECHNOLOGIES INC.

Per:

/s/ Bundeep Singh Rangar
Bundeep Singh Rangar,
Chairman and CEO

I. Vellmer Inc.
Chartered Accountant*

Ihpaili Vellmer, C.P.A., C.A.
721 – 602 W. Hastings Street
Vancouver, B.C., V6B 1P2

Tel: 604-687-3773

Fax: 604-687-3778

E-mail: vellmer@i-vellmer.ca

*denotes an incorporated professional

October 25, 2013

British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission
Canadian National Stock Exchange

Dear Sirs:

RE: NanoStruck Technologies Inc. - Change of Auditors

I have been provided with and read the Notice of Change of Auditor dated October 23, 2013 (the "Notice") with respect to my resignation as auditor of NanoStruck Technologies Inc. (formerly Blue Gold Water Technologies Ltd.) (the "Company") provided as required under National Instrument 51-102 (the "Instrument"). Pursuant to section 4.11, paragraph (5)(a)(ii)(B) of the Instrument, I confirm my agreement with the information contained in such Notice. This confirmation is based on my knowledge of the information at this date.

I understand that the Notice of Change of Auditor, together with this letter and a similar letter from Collins Barrow Toronto LLP will be provided to the Company's registered shareholders with the meeting materials relating to the Company's next annual general meeting of shareholders.

Yours truly,

I. VELLMER INC.

I. Vellmer Inc.

Collins Barrow Toronto LLP
Collins Barrow Place
11 King Street West
Suite 700, Box 27
Toronto, Ontario
M5H 4C7 Canada

T. 416.480.0160
F. 416.480.2646

www.collinsbarrow.com

October 24, 2013

British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission
Canadian National Stock Exchange

Dear Sirs:

RE: NanoStruck Technologies Inc. - Change of Auditors

As required by Section 4.11 of National Instrument 51-102, we have reviewed the information contained in the Notice of Change of Auditor dated October 23, 2013 (the "Notice") for the above company and have the following comments:

With exception to the last sentence of paragraph (a) and paragraph (c) of the Notice, with which we agree, we have no basis on which to agree or disagree with the statements made in paragraphs (a), (b) or (d) of the Notice.

We understand that the Notice of Change of Auditor, together with this letter and a similar letter from I. Vellmer Inc., the resigning auditors, will be provided to the Company's registered shareholders with the meeting materials relating to the Company's next annual general meeting of shareholders.

Yours truly,

COLLINS BARROW TORONTO LLP



Stephen J. McCourt, CA
Partner

SCHEDULE "B"**NANOSTRUCK TECHNOLOGIES INC.**
(the "Company")**AUDIT COMMITTEE CHARTER****1. Overall Purpose / Objectives**

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

2. Authority

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

3. OrganizationMembership

- 3.1 The Audit Committee will be comprised of at least three members, all of whom shall be Directors of the Company. Whenever reasonably feasible a majority of the members of the audit committee shall have no direct or indirect material relationship with the Company. If less than a majority of the Board of Directors are independent, then a majority of the members of the audit committee may be made up of members that are not independent of the Company, provided that there is an exemption in the applicable securities law, rule, regulation, policy or instrument (if any).
- 3.2 The chairman of the Audit Committee (if any) will be nominated by the Audit Committee from the members of the Audit Committee which are not officers or employees of the Company, or a company associated or affiliated with the Company, from time to time.
- 3.3 A quorum for any meeting will be two members.
- 3.4 The secretary of the Audit Committee will be the Company secretary, or such person as nominated by the Chairman of the Audit Committee, if there is one, or by the members of the Audit Committee.

Attendance at Meetings

- 3.5 The Audit Committee may invite such other persons (e.g. the President or Chief Financial Officer) to its meetings, as it deems appropriate.
- 3.6 Meetings shall be held not less than four times a year. Special meetings shall be convened as required. External auditors may convene a meeting if they consider that it is necessary.
- 3.7 The proceedings of all meetings will be minuted.

4. Roles and Responsibilities

The Audit Committee will:

- 4.1 Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.
- 4.2 Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.
- 4.3 Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- 4.4 Review any legal matters which could significantly impact the financial statements as reported on by the general counsel and meet with outside counsel whenever deemed appropriate.
- 4.5 Review the annual and quarterly financial statements including Management's Discussion and Analysis and annual and interim earnings press releases prior to public dissemination, including any certification, report, opinion, or review rendered by the external auditors and determine whether they are complete and consistent with the information known to committee members; determine that the auditors are satisfied that the financial statements have been prepared in accordance with generally accepted accounting principles.
- 4.6 Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure thereof.
- 4.7 Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.
- 4.8 Review audit issues related to the Company's material associated and affiliated companies that may have a significant impact on the Company's equity investment.
- 4.9 Meet with management and the external auditors to review the annual financial statements and the results of the audit.
- 4.10 Review the interim financial statements and disclosures, and obtain explanations from management on whether:
 - (a) actual financial results for the interim period varied significantly from budgeted or projected results;
 - (b) generally accepted accounting principles have been consistently applied;
 - (c) there are any actual or proposed changes in accounting or financial reporting practices;
 - (d) there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure; and
 - (e) review the external auditors' proposed audit scope and approach and ensure no unjustifiable restriction or limitations have been placed on the scope.
- 4.11 Review the performance of the external auditors and approve in advance provision of services other than auditing. Consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the company. The Board authorizes the Chairman of the Audit Committee to pre-approve any non-audit or additional audit work which the Chairman deems as necessary and to notify the other members of the Audit Committee of such non-audit or additional work.
- 4.12 Make recommendations to the Board regarding the reappointment of the external auditors and the compensation to be paid to the external auditor.
- 4.13 Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.

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

5. Reference Date.

This 2007 Charter of the Audit Committee was first adopted and approved by the directors of the Company on April 5, 2007.

SCHEDULE “C”

ADVANCE NOTICE PROVISIONS

14.12 Nominations of Directors

Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company:

- (a) nominations of persons for election to the board may be made at any annual meeting of shareholders or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:
 - (i) by or at the direction of the board, including pursuant to a notice of meeting;
 - (ii) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the *Business Corporations Act*, or a requisition of the shareholders made in accordance with the provisions of the *Business Corporations Act*; or
 - (iii) by any person (a “Nominating Shareholder”):
 - i. who, at the close of business on the date of the giving of the notice provided for below in this Article 14.12 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and
 - ii. who complies with the notice procedures set forth below in this Article 14.12;
- (1) in addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Secretary of the Company at the principal executive offices of the Company;
- (2) to be timely, a Nominating Shareholder’s notice to the Secretary of the Company must be made:
 - (a) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the “**Notice Date**”) on which the first public announcement (as defined below) of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day after the Notice Date in respect of such meeting; and
 - (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made; and 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;
- (3) to be in proper written form, a Nominating Shareholder’s notice to the Secretary of the Company 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 shares in the capital of the Company 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. information evidencing:
 - a. the person's experience and technical expertise relevant to the Company's business and industry; and
 - b. the person's reporting issuer experience in Canada or a similar jurisdiction;

in each case sufficient to meet the requirements for directors and officers set out in TSX Venture Exchange (the "TSXV") Policy 3.1 – "Directors, Officers, Other Insiders and Personnel and Corporate Governance" (as at November 21, 2013) or any successor policy of the TSXV; and

- v. 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 *Business Corporations Act* and Applicable Securities Laws (as defined below); and

(b) as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Company and all other information relating to such Nominating Shareholder that would be required to be included in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below);

- (4) the Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee (as independence is defined by Applicable Securities Laws [as defined below]);
- (5) no person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 14.12; provided, however, that nothing in this Article 14.12 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 *Business Corporations Act*; and 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;
- (6) for purposes of this Article 14.12:
 - (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 Company under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and
 - (b) Applicable Securities Laws means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada;
- (7) notwithstanding any other provision of these Articles, notice given to the Secretary of the Company pursuant to this Article 14.12 may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Secretary of the Company for purposes of

this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Secretary at the address of the principal executive offices of the Company; provided that if such delivery or electronic communication is made on a day which is a not a business day, or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day; and

- (8) notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this Article 14.12.