

**SUSTAINCO INC.**  
**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE** is hereby given that an annual and special meeting (the “**Meeting**”) of the holders of common shares in the capital of **SUSTAINCO INC.** (the “**Corporation**”) will be held at the offices of SustainCo Inc., 151 Bloor Street West, Suite 1100, Toronto, Ontario, M5S 1S4 on Wednesday, February 25, 2015 at 10:00 a.m. (Toronto time) for the following purposes:

1. to receive and consider the audited financial statements of the Corporation for the financial year ended August 31, 2014, the auditors’ report thereon, and the annual report of management to the shareholders;
2. to elect the directors of the Corporation for the ensuing year;
3. to appoint the auditors of the Corporation for the ensuing year and to authorize the board of directors of the Corporation to fix the auditors’ remuneration;
4. to consider, and, if deemed appropriate, to pass, an ordinary resolution approving the Stock Option Plan of the Corporation;
5. to transact such other business as may be properly brought before the Meeting or any adjournment thereof.

This notice is accompanied by a form of proxy, management information circular (the “**Circular**”), the audited financial statements of the Corporation for the financial year ended August 31, 2014. Reference should be made to the Circular, which provides information relating to the matters to be dealt with at the Meeting and forms part of this notice.

If you are not able to be present at the Meeting, please exercise your right to vote by signing and returning the enclosed form of proxy to the offices of TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, ON M5H 4H1, not later than 24 hours (excluding Saturdays, Sundays and holidays) preceding the date of the Meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on January 26<sup>th</sup>, 2015 as the record date for the determination of holders of common shares of the Corporation entitled to notice of the Meeting or any adjournment thereof.

**DATED** at Toronto, Ontario this January 26, 2015.

**BY ORDER OF THE BOARD**

*“Emlyn J. David”*

Emlyn J. David  
President, Chief Executive Officer, Chair,  
Corporate Secretary & Director

**SUSTAINCO INC.  
MANAGEMENT INFORMATION CIRCULAR**

**SOLICITATION OF PROXIES**

This Management Information Circular ("**Circular**") is furnished in connection with the solicitation by management of SustainCo Inc. (the "**Corporation**") of proxies to be used at the annual and special meeting (the "**Meeting**") of holders ("**Shareholders**") of common shares ("**Shares**") of the Corporation to be held at the offices of SustainCo Inc, 151 Bloor Street West, Suite 1100, Toronto, Ontario, M5S 1S4 on Wednesday, February 25, 2015 at 10:00 a.m. (Toronto time) and any adjournment thereof, for the purposes set forth in the Notice of Annual and Special Meeting accompanying this Circular (the "**Notice**"). Unless otherwise stated, all information contained in this Circular is presented as at the date of this Circular and all references to \$ in this Circular are to Canadian dollars.

**The solicitation of proxies by this Circular is being made by or on behalf of the management of the Corporation.** It is expected that the solicitation will be made primarily by mail, but proxies may also be solicited personally, by telephone or by other forms of electronic communication by directors, officers and employees of the Corporation. The total cost of the solicitation will be borne by the Corporation.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer 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 issuer (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 the request for voting instructions or as specified in the completed Form of Proxy (as defined below), as applicable.

**APPOINTMENT AND REVOCATION OF PROXIES**

Those Shareholders who wish to be represented at the Meeting by proxy must complete and deliver a properly completed form of proxy or request for voting instructions ("**Form of Proxy**") to the Corporation's transfer agent, either in person, or by mail or courier to TMX Equity Transfer Services (the "**Transfer Agent**"), 200 University Avenue, Suite 300, Toronto, ON M5H 4H1 at a time not later than 24 hours, excluding Saturdays, Sundays and holidays, preceding the Meeting or any adjournment thereof, or by depositing the Form of Proxy with the chairman (the "**Chair**") of the Meeting on the day of the Meeting or any adjournment thereof.

The persons named in the enclosed Form of Proxy accompanying this Circular are directors and/or senior management of the Corporation. **A Shareholder has the right to appoint a person or company (who need not be a Shareholder) other than the persons designated in the enclosed Form of Proxy to attend and to vote and act for and on behalf of such Shareholder at the Meeting, and any adjournment or postponement thereof. Such right may be exercised by striking out the name of the persons specified in the Form of Proxy, inserting the name of the person or company to be appointed in the blank space provided in the Form of Proxy, signing the Form of Proxy and returning it in the reply envelope to the offices of the Transfer Agent at the address and in the manner previously set forth.**

A Shareholder who has given a proxy may revoke it (a) by depositing an instrument in writing executed by such Shareholder or by such Shareholder's attorney authorized in writing, or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized indicating the capacity under which such officer

or attorney is signing (i) at the offices of the Transfer Agent at any time up to 5:00 p.m. (Toronto time) on the last business day preceding the date of the Meeting or any adjournment thereof or (ii) with the Chair prior to the commencement of the Meeting on the day of the Meeting or any adjournment thereof; or (b) in any other manner permitted by law.

### VOTING OF PROXIES

The Shares represented by the proxy which is hereby solicited will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for, and, where the Shareholder whose proxy is solicited specifies a choice with respect to any matter to be acted upon, the Shares shall be voted by the appointee accordingly. **Where a Shareholder fails to specify a choice with respect to a matter referred to in the Notice, the Shares represented by such proxy will be voted for or in favour of such matter.**

The enclosed Form of Proxy confers discretionary authority upon the persons named in the form with respect to amendments to or variations of matters identified in the Notice and with respect to other matters, if any, which may properly come before the Meeting. At the date of this Circular, the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting, other than the matters referred to in the Notice. However, if any other matters which at present are not known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxy.

### NON-REGISTERED HOLDERS

Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. In many cases, however, Shares beneficially owned by a person (a "**Non-Registered Holder**") are registered either:

- (a) in the name of an intermediary such as a bank, trust company, securities dealer, trustee or administrator of self-administered RRSPs, RRIFs, RESPs and similar plans (each an "**Intermediary**") that represents the Non-Registered Holder in respect of its Shares; or
- (b) in the name of a depository (a "**Depository**"), such as CDS Clearing and Depository Services Inc. of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer, the Corporation will have distributed copies of the Notice, the Circular, the Form of Proxy and the audited financial statements for the year ended August 31, 2014 (including management discussion and analysis) (the "**Meeting Materials**") to the Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive such materials. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive the Meeting Materials will receive a package from their Intermediary containing either:

- (a) a voting instruction form that must be properly completed and signed by the Non-Registered Holder and returned to the Intermediary in accordance with the instructions on the voting instruction form;

or, less typically

- (b) a Form of Proxy that has already been stamped or signed by the Intermediary that is restricted as to the number of Shares beneficially owned by the Non-Registered Holder but which otherwise has not been completed. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the Form of Proxy and deposit it with the Transfer Agent at the address set forth in the Notice.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of Shares that they beneficially own. Should a Non-Registered Holder, who receives either a voting instruction form or a Form of Proxy, wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on such form. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and service companies. If you are a Non-Registered Holder and have not received such a package, please contact your Intermediary.

A Non-Registered Holder may revoke a proxy or voting instruction form, which has been given to an Intermediary by written notice to the Intermediary or by submitting a Form of Proxy or voting instruction form bearing a later date. In order to ensure that an Intermediary acts upon a revocation of a proxy or voting instruction form, the written notice should be received by the Intermediary well in advance of the Meeting.

#### **RECORD DATE**

Persons registered on the records of the Corporation at the close of business on January 26, 2015 (the "**Record Date**") are entitled to vote at the Meeting.

#### **QUORUM**

Shareholders holding not less than 30% of the issued and outstanding shares entitled to vote at the meeting, present in person or represented by proxy, will constitute a Quorum at the Meeting or any adjournment thereof. The Corporation's list of shareholders as of the Record Date has been used to deliver to Shareholders the Notice and this Circular as well as to determine who is eligible to vote at the Meeting.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The authorized share capital of the Corporation consists of an unlimited number of Shares. As of the close of business on the Record Date, there were 46,741,801 issued and outstanding Shares, being the only class of shares outstanding and entitled to vote at the Meeting. Each Shareholder on the Record Date will, unless otherwise specified in this Circular, be entitled to one (1) vote for each Share held by such holder on all matters proposed to come before the Meeting, except to the extent that such holder has transferred any such Shares after the Record Date and the transferee of such Shares establishes ownership thereof and makes a written demand, not later than ten (10) days before the Meeting, to be included in the list of Shareholders entitled to vote at the Meeting, in which case the transferee will be entitled to vote such Shares at the Meeting. The approval of any matter that is submitted to a vote of Shareholders at the Meeting shall be decided by a majority of the votes cast on the question.

To the knowledge of the directors and executive officers of the Corporation, the only persons who beneficially own, directly or indirectly, or exercise control or direction over, voting securities of the Corporation carrying more than ten percent (10%) of the voting rights attaching to the total number of issued and outstanding voting securities of the Corporation are as set forth below.

Name and Municipality of Residence	Type of Ownership	Number of Shares	Percentage of Outstanding Shares
Alter NRG Corp. Calgary	Legal and Beneficial	10,000,000	21.39%
Cangap Merchant Capital LP Toronto	Legal and Beneficial <sup>(1)</sup>	12,361,411	26.45%

Notes:

(1) Includes 9,147,125 Shares owned by 2389779 Ontario Inc., a wholly-owned subsidiary of Cangap Merchant Capital LP (“CMC”), a company that is controlled by Emlyn J. David, and 3,214,286 Shares owned directly by CMC.

## EXECUTIVE COMPENSATION

In this Circular, a Named Executive Officer (“**NEO**”) means: (a) the Corporation’s Chief Executive Officer; (b) the Corporation’s Chief Financial Officer; (c) the Corporation’s three other most highly compensated executive officers at the end of the financial year ended August 31, 2014 whose total compensation, individually, was greater than \$150,000; and (d) each individual who would be an NEO but for the fact that the individual was neither an executive officer of the Corporation or its subsidiaries, nor serving in a similar capacity, at the end of the financial year ended August 31, 2014.

For the financial year ended August 31, 2014, the Corporation had five NEOs, namely: (a) Emlyn J. David, the President, Chief Executive Officer, Secretary and Chairman of the Corporation; (b) Chris Hazelton, the Chief Financial Officer of the Corporation; and (c) Frank Carnevale, the Chief Operating Officer of the Corporation; (d) Nicholas Price, the President of VCI Controls Inc. (“VCI”); and (e) Heather Carnduff, Controller of VCI.

### Compensation Discussion and Analysis

As the Corporation does not have a compensation committee, the functions of a compensation committee are performed by the Board of Directors as a whole and the compensation of the NEOs is reviewed and approved annually by the Board of Directors. Compensation was paid to the NEOs for the fiscal year ended August 31, 2014, as set out in the Summary Compensation table below. Executives are also eligible to participate in the Corporation's Option Plan as described herein.

#### *Objectives of Compensation Program*

The objective of the Board of Directors in setting compensation levels will be to attract and retain individuals of high calibre to serve as officers of the Corporation, to motivate their performance in order to achieve the Corporation's strategic objectives and to align the interests of executive officers with the long-term interests of the Shareholders, while at the same time preserving cash flows. These objectives are designed to ensure that the Corporation continues to grow on an absolute basis as well as to grow cash flow and earnings for Shareholders. The Board of Directors will set the compensation received by NEOs so as to be generally competitive with the compensation received by persons with similar qualifications and responsibilities who are engaged by other companies of corresponding size, stage of development, having similar assets, number of employees, market capitalization and profit margin. In setting such levels, the Board of Directors will rely primarily on their own experience and knowledge.

### *Elements of the Compensation Program*

The Corporation's compensation program comprises: (i) base salary; (ii) annual incentives; and (iii) long-term incentives, including the Option Plan. Each component of the executive compensation program is addressed below.

#### *Base Salaries and Benefits*

Salaries for executive officers are determined based on the nature and extent of the current activities of the Corporation, corporate and personal performance and on individual levels of responsibility. Base salaries are established to be competitive in order to attract and retain highly qualified executives. Salaries of the executive officers are not determined based on a specific formula.

The Corporation does not provide any pension or retirement benefits to its executive officers.

#### *Annual Incentives*

The Board of Directors may recommend bonuses be paid to executive officers of the Corporation when their performance warrants additional consideration.

#### *Long Term Incentives and Stock Option Plan*

The purpose of the Option Plan is to provide the Corporation with a mechanism to attract, retain and motivate qualified directors, officers, consultants and employees, to reward the same for their contributions toward the long-term goals of the Corporation and to enable and encourage such directors, officers, consultants and employees to acquire Shares as long-term investments.

The Board of Directors administers the Option Plan and determines the number of options to be granted to each executive officer based on the level of responsibility and experience required for the position. The Board of Directors regularly reviews and, where appropriate, adjusts the number of options granted to individuals and determines the vesting provisions of such options. The Board of Directors sets the number of options, as appropriate, designed to attract and retain qualified and talented personnel. The Board of Directors also takes account of the Corporation's contractual obligations and the award history for all participants in the Option Plan.

Please refer to the section below entitled "Summary Compensation Table" for details of management compensation payable during the most recently completed financial year of the Corporation.

#### *Managing Compensation-Related Risk*

Although the Corporation does not have a formal policy relating to the management of compensation related risk, the Board considers and assesses, as necessary, risks relating to compensation prior to the entering into or amending of employment contracts with NEOs and when setting the compensation of directors. The Board believes that the Corporation's compensation policies and practices are appropriate for its industry and stage of business and that such policies and practices do not have associated with them any risks that are reasonably likely to have a material adverse affect on the Corporation or which would encourage a NEO to take any inappropriate or excessive risks. The Board will continue to review the Corporation's compensation policies, including its compensation-related risk profile, as necessary, to ensure its compensation policies and practices are not reasonably likely to have a material adverse affect on the Corporation or encourage a NEO to take any inappropriate or excessive risks, and may consider adopting a formal policy in this regard in the future, if necessary.



### *Restrictions on Financial Instruments*

The Corporation does not have a policy that would prohibit a NEO or director from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. However, management is not aware of any NEO or director purchasing such an instrument.

### **Summary Compensation Table**

The following table sets forth the compensation earned in the financial years ended August 31, 2014, August 31, 2013, and August 31, 2012 by each NEO.

Name and Principal Position	Year	Salary (\$)	Share-based Awards (\$)	Option-based Awards (\$)	Non-equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
Emlyn J. David, President, Chief Executive Officer, Secretary and Chairman	2014	225,000	NIL	NIL	NIL	NIL	NIL	20,000	245,000
	2013	176,442	NIL	430,217	NIL	NIL	NIL	26,091	632,750
	2012	10,000	NIL	NIL	NIL	NIL	NIL	NIL	10,000
Jonathan Leong, Chief Financial Officer <sup>(1)</sup>	2014	57,500	NIL	NIL	NIL	NIL	NIL	NIL	57,500
	2013	60,000	NIL	50,101	NIL	NIL	NIL	NIL	110,101
	2012	5,000	NIL	NIL	NIL	NIL	NIL	NIL	5,000
Chris Hazelton, Chief Financial Officer <sup>(2)</sup>	2014	4,461	NIL	NIL	NIL	NIL	NIL	375	4,836
Frank Carnevale, Chief Operating Officer	2014	125,000	NIL	NIL	NIL	NIL	NIL	3,750	128,750
	2013	118,750	NIL	67,371	NIL	NIL	NIL	5,793	191,914
	2012	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Nicholas Price, President of VCI <sup>(3)</sup>	2014	153,085	NIL	NIL	NIL	NIL	NIL	13,408	166,493
Heather Carnduff, Controller of VCI <sup>(3)</sup>	2014	98,500	NIL	NIL	NIL	NIL	NIL	11,700	110,200

Robert van Duynhoven, President of CleanEnergy <sup>(4)</sup>	2014	51,800	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	2013	164,082	NIL	32,831	NIL	NIL	NIL	NIL	196,913
	2012	8,270	NIL	NIL	NIL	NIL	NIL	NIL	8,270
Edward Winter, Chief Executive Officer of Urban Mechanical <sup>(5)</sup>	2014	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	2013	206,179	NIL	65,661	NIL	NIL	NIL	NIL	271,840
	2012	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Marco Winter, Chief Operating Officer of Urban Mechanical <sup>(5)</sup>	2014	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	2013	157,173	NIL	65,661	NIL	NIL	NIL	NIL	222,834
	2012	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Notes:

- (1) Mr. Leong provided services as Chief Financial Officer through ALOE Financial Inc. from July 26, 2012 to August 15, 2014.
- (2) Mr. Hazelton's services as Chief Financial Officer commenced on August 15, 2014.
- (3) Mr. Price and Ms. Carnduff's compensation has been calculated as of December 13, 2014, the date at which the Corporation assumed control of VCI.
- (4) Mr. van Duynhoven ceased to be an officer of CleanEnergy, a wholly-owned subsidiary of SustainCo Inc., as of November 15, 2013.
- (5) Mr. Edward Winter and Mr. Marco Winter were officers of the Corporation's wholly-owned subsidiary Urban Mechanical. Urban Mechanical was acquired on December 5, 2012. Both Mr. Edward Winter and Mr. Marco Winter ceased to be officers of the Corporation on August 23, 2013. Mr. Edward Winter provided part of his services as former Chief Executive Officer of Urban Mechanical through EJ Winter Consulting Inc.

## Incentive Plans and Awards

### Outstanding share-based awards and option-based awards

The following table provides information regarding the incentive plan awards (option-based awards) outstanding for each Named Executive Officer outstanding as of August 31, 2014, including awards granted before the most recently completed financial year. All option awards vested immediately upon their respective date of grant.

Name	Option-Based Awards				Share-Based Awards		
	Number of Shares Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of In-The-Money Unexercised Options (\$) <sup>(1)</sup>	Number of Shares That Have Not Vested (#)	Market Value of Share-Based Awards That Have Not Vested (\$)	Outstanding Amount In Respect of Share-Based Awards That Have Not Vested (\$)
Emlyn J. David	200,000	0.50	September 1, 2016	NIL	NIL	NIL	NIL
	550,000	0.68	April 3, 2018	NIL	NIL	NIL	NIL



Jonathan Leong	50,000	0.50	September 1, 2016	NIL	NIL	NIL	NIL
	50,000	0.68	April 3, 2018	NIL	NIL	NIL	NIL
Frank Carnevale	100,000	0.68	April 3, 2018	NIL	NIL	NIL	NIL
Chris Hazelton	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Nicholas Price	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Heather Carnduff	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Robert van Duynhoven	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Edward Winter	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Marco Winter	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Notes:

- (1) Value based on the closing price of Shares on the TSX Venture Exchange (the “**TSX-V**”) as of August 29, 2014 less the exercise price in respect of such options.

### Value Vested or Earned During the Year

The following table provides information regarding the value vested or earned in respect of incentive plan awards during the financial year ending August 31, 2014 for each Named Executive Officer.

Name	Option-based awards – value vested during the year (\$) <sup>(1)</sup>	Share-based awards – value vested during the year (\$)	Non-equity incentive plan compensation – value earned during the year
Emlyn J. David	NIL	NIL	NIL
Jonathan Leong	NIL	NIL	NIL
Frank Carnevale	NIL	NIL	NIL
Nicholas Price	NIL	NIL	NIL
Heather Carnduff	NIL	NIL	NIL
Robert VanDuynhoven	NIL	NIL	NIL
Edward Winter	NIL	NIL	NIL
Marco Winter	NIL	NIL	NIL

Notes:

- (1) Value based on the closing price of Shares on the TSX Venture Exchange (the “**TSX-V**”) as of August 29, 2014 less the exercise price in respect of such options.

## Options Exercised During the Most Recently Completed Financial Year

There were no stock options exercised by the NEOs during the financial year ending August 31, 2014.

## Pension Plan Benefits and Deferred Compensation Plan

The Corporation has not established a pension plan and has not established any deferred compensation plans.

## Termination of Employment, Change in Responsibilities and Employment Contracts

Other than as set out below, the Corporation does not have any compensatory plan, contract or arrangement where an executive officer is entitled to receive any compensation from the Corporation in the event of the resignation, retirement or any other termination of employment of an executive officer or from a change of control of the Corporation.

The Corporation's Chief Financial Officer, Jonathan Leong, provides management services to the Corporation pursuant to a consulting agreement with ALOE Financial Inc. Pursuant to such agreement, in the event that the Corporation's Chief Financial Officer is terminated without cause, he is entitled to compensation payable by the Corporation equal to four months of consulting fees paid to the Chief Financial Officer, reimbursement of any reasonable expenses incurred prior to the date of termination, and payment of any consulting fees and vacation accrued to the date of termination (the "**CFO Termination Payment**"). In the event that the Corporation enters into a written agreement providing for a Change of Control or a Change of Control occurs and, within six months the Chief Financial Officer gives written notice of termination as a result of the occurrence of a triggering event, the Corporation will pay the Chief Financial Officer the CFO Termination Payment. In addition, any stock options previously granted shall become fully vested and, notwithstanding any term of the Option Plan to the contrary, shall remain exercisable for the original term granted and shall not terminate due to the termination. As of August 15, 2014 Jonathan Leong stepped down as Chief Financial Officer and became a consultant to the Corporation and Chris Hazelton took his place. As of the date of this Circular, the CFO Termination Payment no longer applies and no payment of the CFO Termination Payment has been made.

## Director Compensation

Each director of the Corporation receives compensation of \$20,000 per annum for their services in their capacity as a director. Such directors are also eligible to receive stock options of the Corporation, as determined by the Board of Directors.

The following table summarizes all amounts of compensation provided to the non-executive directors for the year ended August 31, 2014.

Name	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Michael Galloro	20,000	NIL	NIL	NIL	NIL	NIL	20,000
Daniel Hay	20,000	NIL	NIL	NIL	NIL	NIL	20,000
Rajiv Rai	20,000	NIL	NIL	NIL	NIL	NIL	20,000

## **Incentive Plan Awards**

### ***Outstanding option- based awards***

The following table sets forth all awards outstanding at the end of the financial year ended August 31, 2014 for each non-management director of the Corporation. The relevant disclosure with respect to Mr. David is provided above, under the headings “Summary Compensation Table” and “Incentive Plan Awards”.

Name	Option-based awards			
	Number of securities underlying unexercised options	Option exercise price (\$)	Option expiration dates	Value of unexercised in-the-money options (\$) <sup>(1)</sup>
Michael Galloro	50,000	0.50	September 1, 2016	NIL
	50,000	0.68	April 3, 2018	NIL
Daniel Hay	50,000	0.50	September 1, 2016	NIL
	50,000	0.68	April 3, 2018	NIL
Rajiv Rai	50,000	0.50	September 1, 2016	NIL
	50,000	0.68	April 3, 2018	NIL

Notes:

(1) Value based on the closing price of Shares on the TSX-V as of August 29, 2014 less the exercise price in respect of such options.

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets forth details of the Corporation's compensation plans under which equity securities of the Corporation are authorized for issuance as at August 31, 2014.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by Shareholders	1,350,000	\$0.61	3,324,180
Equity compensation plans not approved by Shareholders	NIL	NIL	NIL
<b>Total</b>	<b>1,350,000</b>	<b>\$0.61</b>	<b>3,324,180</b>

Notes:

(1) The aggregate number of Shares reserved for issuance under the Option Plan is such number of Shares as is equal to 10% of the total number of Shares of the Corporation issued and outstanding from time to time. As of August 31, 2014, 46,741,801 Shares were issued and outstanding.

## **Option Plan**

The Option Plan allows the Corporation to grant options to its directors, officers, employees, and other service providers subject to the rules and regulations of applicable regulatory authorities and any Canadian stock exchange upon which the Shares of the Corporation may be listed or may trade from time to time. The Option Plan authorizes the issuance of such number of Shares as is equal to 10% of the total number of Shares issued and outstanding from time to time. The number of Shares reserved for issue to any one person pursuant to the Option Plan, within any 12 month period, may not exceed 5% of the issued and outstanding Shares of the Corporation. The exercise price of options issued under the Option Plan may not be less than the market price of the Shares at the time the option is granted, subject to any discounts permitted by applicable securities laws and stock exchange rules. The maximum number of Shares which may be reserved for issuance to insiders under the Option Plan may not exceed 10% of the Shares of the Corporation issued and outstanding at the time of the grant (on a non-diluted basis). The maximum number of options which may be granted to any one consultant under the Option Plan, within any 12 month period, may not exceed 2% of the Shares issued and outstanding at the time of the grant (on a non-diluted basis). The maximum number of options that may be granted to “investor relations persons” under the Option Plan, within any 12 month period, may not exceed in the aggregate 2% of the Shares issued and outstanding at the time of the grant (on a non-diluted basis).

The Option Plan is attached in its entirety as Schedule “A” to this Circular.

## **INDEBTEDNESS OF DIRECTORS AND OFFICERS**

No current or former directors, executive officers or employees of the Corporation or any of its subsidiaries, no proposed nominees for election as directors, or any associates of such persons, is currently or has, at any time since the beginning of the Corporation’s most recently completed financial year, been indebted to the Corporation or any of its subsidiaries, and no indebtedness of such persons is the subject of a guarantee, support agreement, letter of credit or other similar arrangement provided by the Corporation.

## **CORPORATE GOVERNANCE**

National Policy 58-201 – “Corporate Governance Guidelines” sets out a series of guidelines for effective corporate governance (the “**Guidelines**”). The Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. National Instrument 58-101 – “Disclosure of Corporate Governance Practices” (“**NI 58-101**”) requires the disclosure by each listed corporation of its approach to corporate governance with reference to the Guidelines as it is recognized that the unique characteristics of individual corporations will result in varying degrees of compliance. Set out below is a description of the Corporation’s approach to corporate governance in relation to the Guidelines.

### **The Board of Directors**

NI 58-101 defines an “independent director” as a director who has no direct or indirect material relationship with the Corporation. A “material relationship” is a relationship that could, in the view of the Board of Directors, be reasonably expected to interfere with such member’s independent judgment.

The Board of Directors is currently comprised of four members. Mr. Emlyn J. David is not considered to be “independent” within the meaning of NI 58-101 as a result of his role as President, Chief Executive Officer,

Secretary and Chairman of the Corporation. Messrs. Daniel Hay, Michael Galloro and Rajiv Rai are each considered to be “independent” directors within the meaning of NI 58-101 since they are free from any material relationship with the Corporation.

The Board of Directors believes that it functions independently of management. To enhance its ability to act independent of management, the Board of Directors meets in the absence of members of management and the non-independent directors or may excuse such persons from all or a portion of any meeting where a potential conflict of interest arises or where otherwise appropriate.

## Directorships

The following directors of the Corporation are also currently, or have been within the last five (5) years, directors, officers or promoters of other reporting issuers:

Director	Name of Reporting Issuer	Exchange
Emlyn J. David	Mobile Integrated Systems Inc.	OTCUS
	Chudleigh Ventures Inc.	TSX-V
Michael Galloro	AgriMinco Corp.	TSX-V
	Alberta Oilsands Inc.	TSX-V
	Black Sparrow Capital Corp.	TSX-V
	Delavaco Residential Properties Corp.	TSX-V
	Goldstream Minerals Inc.	TSX-V
	Mahdia Gold Corp.	CNSX
	Organic Potash Corp.	CNSX
	Santa Maria Petroleum Inc.	TSX-V
Daniel Hay	Yangaroo Inc.	TSX-V
	Alter NRG Corp.	TSX
Rajiv Rai	Mint Technology Corp.	TSX-V
	Zoolander Corporation	TSX-V

## Orientation and Continuing Education

While the Corporation currently has no formal orientation and education program for new members of the Board of Directors, sufficient information (such as recent annual reports, financial statements, management discussion and analysis, proxy solicitation materials, technical reports and various other operating, property and budget reports) is provided to any new member of the Board of Directors to ensure that new directors are familiarized with the Corporation’s business and the procedures of the Board of Directors. As well, new directors meet with management of the Corporation to receive a detailed overview of the operations of the

Corporation. All directors are encouraged to visit and meet with management on a regular basis. The Corporation also encourages continuing education of its directors and officers where appropriate in order to ensure that they have the necessary skills and knowledge to meet their respective obligations to the Corporation.

### **Ethical Business Conduct**

The Board of Directors encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.

### **Nomination of Directors**

The Board of Directors is responsible for identifying new candidates for nomination to the Board of Directors. The process by which the Board of Directors identifies new candidates is through recommendations from members of the Board of Directors based on corporate law and regulatory requirements as well as relevant education and experience related to the Corporation's business and status as a reporting issuer.

### **Compensation**

None of the members of the Board of Directors or the executive officers currently earns any compensation for services rendered as directors and officers of the Corporation or in any other capacity except as otherwise disclosed herein.

### **Other Board Committees**

The Corporation has no committees other than the Audit Committee at this time.

### **Board Assessments**

The Chair encourages discussion amongst the Board of Directors or the committee members to evaluate their own effectiveness over the course of the year. All directors and committee members are encouraged to make suggestions to improve the practice of the Board of Directors and the Audit Committee.

## **AUDIT COMMITTEE**

National Instrument 52-110 – “Audit Committees” (“**NI 52-110**”) requires the Corporation to disclose annually in its management information circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set forth below.

### **Audit Committee's Charter**

The Corporation's Audit Committee is governed by a charter, the text of which is attached as Appendix “B” to this Circular.

### **Composition of the Audit Committee**

The Audit Committee is comprised of the three (3) members of the Board of Directors, being Messrs. Michael Galloro, Daniel Hay, and Rajiv Rai. The Board of Directors has determined that a majority of such members are independent and that all such members are financially literate for the purposes of NI 52-110.

## Relevant Education and Experience

For the relevant education and experience of Messrs. Daniel Hay, Michael Galloro, and Rajiv Rai please refer to “Matters to be Considered at the Meeting – Election of Directors”, below.

## Audit Committee Oversight

At no time since the commencement of the Corporation’s financial year ending August 31, 2014 have any recommendations by the Audit Committee to nominate or compensate an external auditor not been adopted by the Board of Directors.

## Reliance on Certain Exemptions

At no time since the beginning of the financial year ending August 31, 2014 has the Corporation relied on the exemption in section 2.4 of NI 52-110 (De Minimis Non-Audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions) of the Instrument.

## Pre-Approval Policies and Procedures

The Audit Committee may delegate to one or more independent members the authority to pre-approve non-audit services, so long as the pre-approval is presented to the full Audit Committee at its first scheduled meeting following such pre-approval.

## External Auditor Service Fees (By Category)

The aggregate fees billed by the Corporation’s external auditors since the date of incorporation for audit fees are approximately as follows:

Financial Period Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
August 31, 2014	\$66,000	-	\$6,000	-
August 31, 2013	\$ 85,000	-	\$ 6,360	\$ 91,360
August 31, 2012	\$ 67,600	\$ 17,400	-	-

## MATTERS TO BE CONSIDERED AT THE MEETING

### 1. Financial Statements

The audited financial statements of the Corporation, the report of the auditors thereon, and the management's discussion and analysis, all for the financial year ended August 31, 2014, will be placed before the Meeting. The audited financial statements and the auditor’s report thereon are attached with this Circular. Additional copies of the audited financial statements may be obtained from the Corporation upon request and will be available at the Meeting.

### 2. Election of Directors

It is intended that five (5) directors be elected for the ensuing year. An affirmative vote of a majority of the votes cast at the Meeting is sufficient for the election of the directors. At the Meeting, each director so elected will hold office until the next annual meeting of Shareholders or until his successor is duly elected, unless his



office is earlier vacated in accordance with the by-laws of the Corporation and the provisions of the *Canada Business Corporations Act* to which the Corporation is subject.

Management does not contemplate that any of the nominees will be unable to serve as a director of the Corporation, but if that should occur for any reason prior to the Meeting the persons named in the enclosed form of proxy reserve the right to vote for other nominees at their discretion. **Unless the shareholder directs that his, her or its shares are to be withheld from voting in connection with the election of directors, the persons named in the enclosed Form of Proxy will vote FOR the election of the nominees whose names are set forth below.**

The following table and the notes thereto set out the name and the province of residence of all nominees for election as directors of the Corporation, the month and year during which each of them first became a director of the Corporation, all positions and offices with the Corporation held by each of them, the principal occupation, business or employment of each of them during the prior five (5) year period and the approximate number of Shares of the Corporation beneficially owned, or controlled or directed, directly or indirectly, by each of them. The Corporation has an Audit Committee, the members of which are also identified below.

Name and Municipality of Residence	Number of Voting Shares Beneficially Owned Directly, or Indirectly or Controlled <sup>(1)</sup>	Offices Held and Time as a Director	Principal Occupation (last 5 years)
Emlyn J. David (Toronto, Canada)	12,661,411 Shares <sup>(2)</sup>	President, Chief Executive Officer, Secretary, Chairman and Director since August 22, 2008	Managing Partner of Cangap Capital Corp.
Michael Galloro <sup>(3)</sup> (Toronto, Canada)	10,000 Shares	Director since March 19, 2012	Accountant
Daniel R. Hay <sup>(3)(4)</sup> (Calgary, Canada)	--	Director since July 26, 2012	Chief Financial Officer of Alter NRG Corp.
Rajiv Rai <sup>(3)</sup> (Toronto, Canada)	90,000 Shares	Director Since August 22, 2008	Vice President, Business Development of Keek Inc.
Scott Cole (Aurora, Canada)	1,675,789 Shares	New Nominee	Chairman and CEO of Cole Engineering Group Ltd.

Notes:

- (1) This information, not being within the knowledge of the Corporation, has been furnished by the respective nominees. These figures do not include any securities that are convertible into or exercisable for Shares.
- (2) Includes 9,147,125 Shares owned by 2389779 Ontario Inc., a wholly-owned subsidiary of CMC, a company that is controlled by Emlyn J. David, and 3,214,286 Shares owned directly by CMC.
- (3) Member of the Audit Committee.
- (4) Mr. Hay is an Insider of Alter NRG Corp., but is not a Control Person. Alter NRG Corp. holds an aggregate of 10,000,000 Shares.

**Emlyn J. David, President, Chief Executive Officer, Secretary, Chairman, and Director.**

Emlyn J. David has over 25 years of corporate financial management, investment banking, and investment management experience. Since 2006, Mr. David has been Managing Partner of Cangap Capital Corp., a niche

private equity/merchant bank investing in and providing strategic finance solutions to a wide range of companies, including interests in transportation, business aviation, healthcare services, media finance, alternative energy finance and general commercial finance. He also currently holds the following positions:

- Director, CEO, President, Secretary and Chairman: SustainCo Inc.;
- Director and Secretary: Skyservice Business Aviation Inc., the largest provider of private jet management and fixed based operations (FBO) services in Canada, as well as one of the largest in North America; and
- Director and Chairman: Skyservice Air Ambulance Inc., one of the largest providers of air medical evacuation and managed medical transportation services in the world and is a recognized leader in the industry.

Mr. David initially began working as a Corporate Financial Manager with Cambridge Shopping Centres, one of the largest public real estate companies in North America. Subsequent to that, Mr. David was a partner in a number of small niche investment banking/brokerage companies.

#### **Michael Galloro, Director.**

Michael Galloro is a member of the Institute of Chartered Accountants with over 20 years of experience having earned his designation while working for KPMG LLP. While engaged as Vice President of Finance for a public company that was listed on the Toronto Stock Exchange, Mr. Galloro gained experience in finance and capital markets, corporate governance, human resources, and administration. Mr. Galloro pursued a consulting career working on various projects in mergers and acquisitions, initial public offering, financing, and securities legislation compliance. His experience stems internationally having been exposed to various global markets. Mr. Galloro currently acts as a Chief Financial Officer and Director for private and publicly listed companies operating abroad.

#### **Daniel R. Hay, Director.**

Daniel R. Hay has acted as Chief Financial Officer of Alter NRG Corp. and its predecessor since May 2006. Prior thereto, Mr. Hay acted as Chief Financial Officer of Waveform Energy Ltd. from February 2005 to November 2006, as Senior Manager of Grant Thornton LLP from October 2003 to January 2005, and as Manager at Collins Barrow from 1998 to September 2003. Mr. Hay is a chartered accountant with 15 years' experience and obtained his Bachelor of Commerce degree in 1997 from the University of Calgary.

#### **Rajiv (Roger) Rai, Director.**

Roger Rai is currently the Vice President, Business Development, Keek Inc. (TSXV:KEK) and was employee #4. Mr. Rai was also the Director of Development at C.O.R.E. Feature Animation who produced the children animation movie called "The Wild." Previously, Mr. Rai was the founder and VP, Business Development of Fastvibe Inc., a web casting company that provides rapid transmission of client content worldwide via the internet. He also held various managerial positions at Rogers Cablesystems and Rogers Wireless, Canada's largest Communications company. Mr. Rai currently is an advisor to Chobani, Inc., a retail food services company, and is the founder and on the board of the ONEXONE foundation, a charitable organization focused on global child welfare. Mr. Rai sits on the boards of Pinetree Capital and Sustain Co. Roger holds a Bachelor of Arts from the University of Western Ontario.

#### **Scott R. Cole, Director Nominee.**

Scott Cole, P. Eng., is the Chairman and Chief Executive Officer of Cole Engineering Group Ltd. Mr. Cole has maintained his professional credentials through involvement and membership in industry associations,

having held executive positions in both the Toronto Construction Association and the York Chapter of BILD. Mr. Cole is a member of the Professional Engineers of Ontario and has his designation as a Consulting Engineer. He is also a member of the Institute of Corporate Directors and a past director of the Greater Toronto Airports Authority (GTAA). As an active member in his community, Mr. Cole is Co-Chair for the York Regional Police Appreciation Dinner and has volunteered for many years for numerous community events. He also holds a seat on the Board of Crime Stoppers York Region and recently served on the York Region Chairman's Dinner for the Arts Committee. Mr. Cole is a member of the Board of Directors of St. Andrew's College in Aurora and sits on the Advisory Round Table of York University. Mr. Cole holds a Bachelor of Applied Science degree from Queen's University where he was awarded a silver medal in the National Thesis Competition. He has also taken several post-graduate courses in transportation at the Traffic Institute, North Western University.

### **Cease-Trade Orders, Bankruptcies, Penalties and Sanctions**

To the Corporation's knowledge, no director, officer, insider or promoter of the Corporation or a Shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation is, or within ten (10) years before the date of this Circular, has been, a director, officer, insider or promoter of any other issuer that, while that person was acting in that capacity, (a) was the subject of a cease trade or similar order, or an order that denied such issuer access to any exemptions under applicable securities legislation for a period of more than thirty (30) consecutive days or (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or (c) 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, other than as follows: Emlyn J. David was appointed an officer and director of Fareport Capital Inc. (TSXV: FPC) ("**Fareport**") in October, 2007. Prior to and during Mr. David's involvement with Fareport, the company had been subject to a management cease trade order for failure to file financial statements, which eventually became an issuer cease trade order. Fareport was permanently cease traded on July 23, 2008 due to its inability to file those financial statements.

### **Conflicts of Interest**

The directors and officers of the Corporation may, from time to time, be involved with the business and operations of other issuers, in which case a conflict of interest may arise between their duties as officers and directors of the Corporation and as officer and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such procedures and remedies, as applicable, under the *Canada Business Corporations Act*.

### **3. Appointment of Auditor**

MNP LLP is the current auditor of the Corporation and was first appointed auditor of the Corporation on September 20, 2008 (previously as MSCM LLP prior to their merger with MNP LLP). Shareholders of the Corporation will be asked at the Meeting to re-appoint MNP LLP as the Corporation's auditors to hold office until the close of the next annual meeting of Shareholders of the Corporation, and to authorize the directors of the Corporation to fix the auditors' remuneration.

**The Board of Directors recommends that shareholders vote FOR the appointment of MNP LLP as auditors of the Corporation and to authorize the Board of Directors to fix their remuneration. Unless the shareholder directs that his, her or its shares are to be withheld from voting in connection with the appointment of MNP LLP as auditors of the Corporation, the persons named in the enclosed Form of Proxy will vote FOR the appointment of MNP LLP as auditors of the Corporation.**

### **4. Approval of the Stock Option Plan**

The Corporation adopted a stock option plan on November 7, 2008 (the “**Option Plan**”), a copy of which is attached hereto as Schedule “A”.

The purpose of the Option Plan is to advance the interests of the Corporation by encouraging the directors, officers, employees and consultants of the Corporation, and of its subsidiaries and affiliates, if any, to acquire Shares, thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs. The Option Plan is a “rolling” plan, pursuant to which the aggregate number of Shares issuable upon the exercise of all options granted shall not exceed 10% of the issued and outstanding Shares at the time of the stock option grant. Under the policies of the Exchange, a “rolling” stock option plan, such as the Option Plan, is subject to TSX-V acceptance and must receive Shareholder approval yearly at the annual meeting. In addition, the Corporation must receive TSX-V acceptance of a “rolling” stock option plan each year.

Pursuant to the Option Plan, the number of Shares reserved for issuance under options granted to Insiders (as defined by Exchange Policy 1.1) under the Option Plan shall not exceed ten percent (10%) of the issued and outstanding Shares and Insiders shall not be granted, within any twelve (12) month period, a number of options exceeding ten percent (10%) of the issued and outstanding Shares. The number of Shares subject to an option granted to any one participant shall be determined by the Board of Directors, but no one participant shall be granted an option which exceeds the maximum number permitted by the Exchange, for so long as the Shares are listed on the TSX-V. No single participant in the Option Plan may be granted options to purchase a number of Shares equaling more than five percent (5%) of the issued Shares in any single twelve (12) month period unless the Corporation has obtained the requisite disinterested Shareholder approval in respect of such grant and meets any TSX-V requirements, as applicable. The number of options granted to any one consultant in any twelve (12) month period must not exceed two percent (2%) of the issued Shares, calculated at the date the option was granted to such consultant. The aggregate number of options granted to companies or individuals employed to provide Investor Relations Activities (as defined in TSX-V Policy 1.1) must not exceed two percent (2%) of the issued Shares in any twelve (12) month period calculated at the date the option was granted. Options granted to consultants performing Investor Relations Activities must contain vesting provisions such that vesting occurs over at least twelve (12) months with no more than one quarter ( $\frac{1}{4}$ ) of the options vesting in any three (3) month period.

Each option and all rights thereunder shall be expressed to expire on the date set out in the option agreement or form of grant executed by the Corporation and the optionee, provided that in no circumstances shall the duration of an option exceed the maximum term permitted by the TSX-V for so long as the Shares are listed on the Exchange. Subject to any vesting restrictions imposed by the TSX-V or the Board of Directors, options may be exercised in whole or in part at any time and from time to time during the option period.

The Option Plan shall be administered by the Board of Directors or by a special committee of the directors appointed from time to time by the Board of Directors pursuant to rules of procedure fixed by the Board of Directors (such committee, if appointed, is also hereinafter referred to as the Board of Directors). A majority of the Board of Directors shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing by the Board of Directors, shall be binding and conclusive on all participants in the Option Plan and on their legal personal representatives and beneficiaries, the Corporation, and all other interested individuals.

The Board of Directors shall make such adjustments as it deems appropriate to (i) the number of Shares reserved for issuance pursuant to the Option Plan; (ii) the number of vested and unvested Shares subject to option; and (iii) the exercise price of Shares subject to option, to give effect to capital adjustments by reason of a stock dividend or split, recapitalization, consolidation, combination or exchange of Shares, reclassification conversion or other fundamental change in the authorized or issued capital of the Corporation.

At the Meeting, Shareholders will be asked to consider and, if thought advisable, pass, with or without amendment, the following ordinary resolution to re-approve and confirm the Option Plan of the Corporation (the “**Option Plan Resolution**”):

**"BE IT RESOLVED**, as an ordinary resolution that:

1. the Corporation's stock option plan (the "**Option Plan**"), as set forth in Schedule “A” to the Management Information Circular dated January 26, 2015, be and it is hereby re-approved and confirmed, including the reservation for issuance under the Option Plan at any time of a maximum of 10% of the then issued and outstanding shares of the Corporation, in accordance with the policies of the TSX Venture Exchange; and
2. any one director or officer of the Corporation be and is hereby authorized, for and on behalf of the Corporation, to execute and deliver all documents and instruments and take such other actions as such director or officer may determine to be necessary or desirable to implement this ordinary resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions.”

**The Board of Directors recommends that shareholders vote FOR the Option Plan Resolution. Unless the shareholder directs that his, her or its shares are to be voted against the Option Plan Resolution, the person named in the enclosed Form of Proxy will vote FOR the Option Plan Resolution. In order to be adopted, the Option Plan Resolution must be passed by the affirmative vote of a majority of the votes cast by shareholders at the Meeting.**

#### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No “informed person” (as such term is defined under applicable securities laws) of the Corporation or proposed nominee for election as a director of the Corporation, or any associate or affiliate of any informed person or proposed nominee, has or had a material interest, direct or indirect, in any transaction since the beginning of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or its subsidiaries.

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

No person or company who is, or at any time during the financial year ending August 31, 2014 was, a director or executive officer of the Corporation, a proposed management nominee for election as a director of the Corporation, or an associate or affiliate of any such director, executive officer or proposed nominee, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of directors.

#### **ADDITIONAL INFORMATION**

Additional information concerning the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information concerning the Corporation is provided in the Corporation's audited financial statements and management's discussion and analysis for the financial year ended August 31, 2014, copies of which are to be delivered to the Shareholders prior to the date of the Meeting.

Shareholders wishing to obtain a copy of the Corporation's financial statements and Management's Discussion and Analysis, may obtain such copies on SEDAR at [www.sedar.com](http://www.sedar.com) or contact the Corporation as follows:

SustainCo Inc.  
151 Bloor Street West, Suite 1100  
Toronto, Ontario, M5S 1S4  
Phone: (647) 258-0960

#### **APPROVAL OF BOARD OF DIRECTORS**

The contents of this Circular and the sending of it to each director of the Corporation, to the auditor of the Corporation, to the Shareholders and to the appropriate governmental agencies, have been approved by the directors of the Corporation.

**DATED** as at January 26, 2015

Signed: "*Emlyn J. David*"  
President, Chief Executive Officer, Secretary, Chairman and Director

**APPENDIX “A”**

**SUSTAINCO INC. (FORMERLY BELLAIR VENTURES INC.)**

**STOCK OPTION PLAN**

**AS OF NOVEMBER 7, 2008**

[see attached]



**APPENDIX "A"**  
**BELLAIR VENTURES INC.**  
**STOCK OPTION PLAN EFFECTIVE AS OF November 7, 2008**

**1. Purpose of Plan**

The purpose of the stock option plan (the "**Plan**") of Bellair Ventures Inc. (the "**Corporation**"), is to advance the interests of the Corporation by encouraging the Directors, Employees and Consultants (as such terms are defined under TSX Venture Exchange Inc. (the "**Exchange**") Policy 4.4 (the "**Policy**")) of the Corporation, and of its subsidiaries and affiliates, if any, to acquire common shares in the capital of the Corporation (the "**Shares**"), thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

**2. Administration**

The Plan shall be administered by the board of directors of the Corporation (the "**Board**") or by a special committee of the directors appointed from time to time by the Board pursuant to rules of procedure fixed by the Board (such committee, if appointed, is also hereinafter referred to as the "**Board**"). A majority of the Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing by the Board, shall be binding and conclusive on all Participants (as hereinafter defined) and on their legal personal representatives and beneficiaries, the Corporation and all other interested individuals.

Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into thereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations deemed necessary or advisable for the administration and implementation of the Plan. No member of the Board or any person acting pursuant to authority delegated by it hereunder shall be liable for any action or determination in connection with the Plan made or taken in good faith, and each member of the Board and each such person shall be entitled to indemnification by the Corporation with respect to any such action or determination.

Each option granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Corporation and by the optionee, substantially in the form attached hereto as **Schedule "A" - Notice of Option Grant**, or in such other form as is determined by the Board.

Each option granted by the Corporation prior to the date of the approval of the Plan by the shareholders of the Corporation be and are continued under and shall be subject to the terms of the Plan after the Plan has been approved by the shareholders of the Corporation.

**3. Stock Exchange Rules**

All options granted pursuant to this Plan shall be subject to the rules and policies of the Exchange, or, if the Shares are not then listed on the Exchange, such stock exchange or exchanges on which the Shares are then listed and any other government or regulatory body having jurisdiction.

**4. Shares Subject to Plan**

Subject to adjustment as provided in Section 19 hereof, the Shares to be offered under the Plan shall consist of authorized but unissued Shares. The aggregate number of Shares issuable upon the exercise of all options granted under the Plan shall not exceed 10% of the issued and outstanding Shares at the time of the stock option grant. If any option granted hereunder shall expire or terminate for any reason in

accordance with the terms of the Plan without being exercised in full, the unpurchased Shares subject thereto shall again be available for the purpose of this Plan.

#### **5. Maintenance of Sufficient Capital**

The Corporation shall at all times during the term of the Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

#### **6. Eligibility and Participation**

Directors, Employees and Consultants (such persons hereinafter collectively referred to as "**Participants**") of the Corporation shall be eligible for selection by the Board to participate in the Plan on a voluntary basis and a selected Participant shall execute a Notice of Option Grant substantially in the form attached hereto as Schedule "A". Subject to compliance with applicable Exchange requirements, Participants may elect to hold options granted to them in a Company (as defined in Exchange Policy 1.1) wholly owned by them and such Company shall be bound by the Plan in the same manner as if the options were held by the Participant; provided, however, that such Company must agree not to effect or permit any transfer of ownership or option of shares of such Company nor to issue further shares of any class in such Company to any other individual or entity as long as the option granted under the Plan remains outstanding, except with the written consent of the Exchange.

Subject to the terms hereof, the Board shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, the number of Shares to be subject to each option and the exercise price of the options. In the case of options granted to Employees, Consultants or Management Company Employees (as defined in the Policy), the option agreements to which they are party must contain a representation of the Corporation that such Employee, Consultant or Management Company Employee, as the case may be, is a bona fide Employee, Consultant or Management Company Employee of the Corporation or its subsidiaries.

A Participant who has been granted an option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional option or options if the Board shall so determine.

#### **7. Exercise Price**

- (a) The exercise price of the Shares subject to each option shall be determined by the Board, subject to applicable Exchange approval, at the time any option is granted and shall be specified on the Notice of Option Grant substantially in the form attached hereto as Schedule "A". In no event shall such exercise price be lower than the exercise price permitted by the Exchange.
- (b) Once the exercise price of the Shares subject to each option has been determined by the Board, accepted by the Exchange and the option has been granted, the exercise price of the Shares subject to the option may be reduced upon receipt of Board and Exchange approval, provided that in the case of options held by Insiders (as defined by Exchange Policy 1.1) of the Corporation, the exercise price of the Shares subject to such option may be reduced only if disinterested shareholder approval is obtained in accordance with Exchange requirements.

## 8. Number of Optioned Shares

- (a) The number of Shares subject to an option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an option which exceeds the maximum number permitted by the Exchange.
- (b) At any time, (i) the number of Shares reserved for issuance under options granted to Insiders (as defined by Exchange Policy 1.1) under the Plan shall not exceed 10% of the issued and outstanding Shares, and (ii) Insiders (as defined by Exchange Policy 1.1) shall not be granted, within any 12 month period, a number of options exceeding 10% of the issued and outstanding Shares.
- (c) No single Participant may be granted options to purchase a number of Shares equalling more than 5% of the issued Shares in any one twelve-month period unless the Corporation is classified as a "Tier 1" issuer by the Exchange and has obtained the requisite disinterested shareholder approval in respect of such grant and meets applicable Exchange requirements.
- (d) No more than 2% of the issued Shares may be issued to any one Consultant in any twelve-month period pursuant to the exercise of options granted under the Plan.
- (e) No more than an aggregate of 2% of the issued Shares may be issued to an Employee conducting Investor Relations Activities (as defined in Exchange Policy 1.1) in any twelve-month period pursuant to the exercise of options granted under the Plan. Options granted to Consultants performing Investor Relations Activities must contain vesting provisions such that vesting occurs over at least 12 months with no more than 1/4 of the options vesting in any 3 month period.

## 9. Duration of Option

Each option and all rights thereunder shall be expressed to expire on the date set out in the Notice of Option Grant and shall be subject to earlier termination as provided in Sections 12 and 13, provided that in no circumstances shall the duration of an option exceed the maximum term permitted by the Exchange. For greater certainty, if the Corporation is listed on the Exchange, the maximum term may not exceed 10 years if the Corporation is classified as a "Tier 1" issuer, and the maximum term may not exceed 5 years if the Corporation is classified as a "Tier 2" issuer.

## 10. Option Period, Consideration and Payment

- (a) The option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the option period shall be reduced with respect to any option as provided in Sections 12 and 13 covering cessation as a Director, Employee or Consultant of the Corporation or its subsidiaries, or death of the Participant.
- (b) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.
- (c) Subject to any vesting restrictions imposed by the Board, options may be exercised in whole or in part at any time and from time to time during the option period. To the extent required by the Exchange, no options may be exercised under this Plan until this

Plan has been approved by a resolution duly passed by the shareholders of the Corporation.

- (d) Except as set forth in Sections 12 and 13, no option may be exercised unless the Participant is at the time of such exercise a Director, Employee or Consultant of the Corporation or any of its subsidiaries.
- (e) The exercise of any option will be contingent upon receipt by the Corporation at its head office of a written notice of exercise substantially in the form attached hereto as **Schedule "B" - Notice of Option Exercise**, specifying the number of Shares with respect to which the option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the option is exercised.

#### **11. Share Certificates**

Upon exercise of the option and payment in full of the Shares subject to exercise of the option, the Corporation shall cause to be issued to the optionee within a reasonable period of time a duplicate certificate or certificates in the name of the optionee representing the number of Shares the optionee has purchased. The original share certificate(s) may be held by the Corporation as custodian, at the Corporation's option, to ensure compliance with the terms and conditions of the Plan and Notice of Option Grant, for delivery to the optionee in accordance with the Plan and Notice of Option Grant.

#### **12. Ceasing To Be a Director, Officer, Consultant or Employee**

If a Participant shall cease to be a Director, Employee or Consultant of the Corporation, or its subsidiaries, for any reason (other than death), such Participant may exercise his option to the extent that the Participant was entitled to exercise it at the date of such cessation, provided that if the Corporation is classified by the Exchange as a Tier 2 issuer at the time of grant, such exercise must occur within 90 days after the Participant ceases to be a Director, Employee or Consultant, unless such Participant was engaged in Investor Relations Activities, in which case such exercise must occur within 30 days after such Participant ceases to be employed to provide Investor Relations Activities to the Corporation.

The granting of an option under the Plan does not confer upon the optionee any right to continue in the employment of the Corporation or any subsidiary of the Corporation or as a member of the Board, as the case may be, or any right to continue as a Consultant of the Corporation or any subsidiary of the Corporation, nor does it interfere in any way with the rights of the Participant or of the Corporation's rights to terminate the employment of the Participant's services at any time or of the shareholders' right to elect directors.

#### **13. Death of Participant**

Notwithstanding section 12, in the event of the death of a Participant, the option previously granted to him shall be exercisable only within the one (1) year after such death and then only:

- (a) by the person or persons to whom the Participant's rights under the option shall pass by the Participant's will or the laws of descent and distribution; and
- (b) if and to the extent that such Participant was entitled to exercise the Option at the date of his death.

**14. Rights of Optionee**

Optionees shall not have any rights as a shareholder with respect to Shares subject to option until (a) a share certificate or share certificates have been duly issued; and (b) payment has been made to the Corporation and provision satisfactory to the Corporation has been made for payment of, any federal, provincial or local withholding taxes required by law to be withheld in respect of an option.

**15. Non-Exclusivity**

Nothing contained herein shall prevent the Board from adopting other or additional compensation arrangements for the benefit of any Participant, subject to any required stock exchange, regulatory or shareholder approval

**16. Notices**

All written notices to be given by the optionee to the Corporation may be delivered personally or by registered mail, postage prepaid, addressed.

Any notice given by the optionee pursuant to the terms of the option shall not be effective until actually received by the Corporation. Any notice to be given to the optionee shall be sufficiently given if delivered personally (effective at the time of delivery), by facsimile transmission (effective one day after transmission) or by postage prepaid mail to the last address of the optionee on the records of the Corporation and shall be effective five days after mailing.

**17. Corporate Action**

Nothing contained in the Plan or in any option shall be construed so as to prevent the Corporation or any subsidiary of the Corporation from taking corporate action that is deemed by the Corporation or the subsidiary to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan.

**18. Proceeds from Sale of Shares**

The proceeds from the sale of Shares issued upon the exercise of options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

**19. Adjustments**

The Board shall make such adjustments as it deems appropriate to (i) the number of Shares reserved for issuance pursuant to the Plan; (ii) the number of vested and unvested Shares subject to option; and (iii) the exercise price of Shares subject to option, to give effect to capital adjustments by reason of a stock dividend or split, recapitalization, consolidation, combination or exchange of shares, reclassification conversion or other fundamental change in the authorized or issued capital of the Corporation.

Furthermore, in the event of an amalgamation, merger, arrangement or any similar change affecting the Corporation or its securities, the Board may, in its sole discretion, treat the vested and unvested options issued under the Plan in the manner it deems fair and reasonable in light of the circumstances of the change, including without limitation taking any actions and/or making such adjustments to the number

and kind of shares which thereafter may be offered to Participants under the Plan as it may deem equitable.

## **20. Sale Transaction**

Notwithstanding the vesting dates set forth in the Notice of Option Grant, in the event that the Corporation or its shareholders receive and accept an offer to acquire all of the Shares or all or substantially all of the assets of the Corporation, whether effected through an acquisition for cash or securities, and whether structured as a purchase, business combination, amalgamation, merger, arrangement, reorganization or otherwise (in each case, a **"Sale Transaction"**) at the purchase price for each Share of the Corporation as set forth in the sale transaction agreement (the **"Sale Price"**), the Board may, in its sole discretion, treat the options issued under the Plan in a manner it deems fair and reasonable in light of the circumstances of the Sale Transaction. Without limiting the generality of the foregoing, in connection with a Sale Transaction, the Board may, without any action or consent required on the part of any optionee, (i) accelerate, conditionally or otherwise, and on such terms as it sees fit the first vesting date or first date of the exercise period; (ii) deem any or all options (vested or unvested) under the Plan to have been exercised and the shares subject to any or all of such option to have been tendered to the Sale Transaction, (iii) apply a portion of the optionee's proceeds from the closing of the Sale Transaction to the exercise price payable by that optionee for the exercise of his or her options, (iv) cancel the options and pay to an optionee the amount that the optionee would have received, after deducting the exercise price of the options, had the Options been exercised, (v) exchange unvested options, or any portion of them, for options to purchase shares in the capital of the acquirer or any corporation which results from an amalgamation, merger or similar transaction involving the Corporation made in connection with the Sale Transaction, or (vi) take such other actions, and combinations of the foregoing actions, as it deems fair and reasonable under the circumstances.

## **21. Transfer and Assignment**

The options and the rights relating thereto granted under the Plan are not assignable or transferable by the optionee or subject to any other alienation, gift, bequest, sale, pledge, mortgage, charge or encumbrance by such optionee during the optionee's lifetime and therefore, subject to Section 13, the options are exercisable during the optionee's lifetime only by the optionee. The obligations of each optionee shall be binding on his or her heirs, executors and administrators. Any purported assignment or transfer of options or the rights relating thereto will not be recognized by the Corporation and will result in the immediate expiry and termination of any such options and any rights relating thereto.

## **22. Amendment and Termination of Plan**

The Board reserves the right, in its sole discretion, to amend, suspend or terminate this Plan or any portion thereof at any time, in accordance with applicable legislation, without obtaining the approval of shareholders of the Corporation. Any amendment to any provision of the Plan will be subject to any required regulatory or shareholder approval. Subject to compliance with the applicable rules of the Exchange, no amendment, suspension or termination will alter or impair any options under the Plan, or any rights pursuant thereto, granted previously to any Participant without the consent of that Participant.

If this Plan is terminated, the provisions of this Plan and any administrative guidelines, and other rules adopted by the Board and in force at the time of this Plan, will continue in effect as long as any options under the Plan or any rights pursuant thereto remain outstanding. However, notwithstanding the termination of the Plan, the Board may make any amendments to the Plan or options it would be entitled to make if the Plan were still in effect.

**23. Necessary Approvals**

The ability of a Participant to exercise options and the obligation of the Corporation to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Corporation and any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such Shares shall terminate and any option exercise price paid to the Corporation will be returned to the Participant.

**24. Effective Date of Plan**

The Plan will become effective upon the approval of the Plan by the Board, subject to any required regulatory and/or shareholder approval.

**25. Governing Law**

The Plan is established under the laws of the Province of Ontario and the rights of all parties and the construction and the construction and effect of each provision of the Plan shall be according to the laws of the Province of Ontario and the laws of Canada applicable therein.



**Schedule "A"**  
**Notice of Option Grant**

**BELLAIR VENTURES INC.**  
**10 Bellair Street, Suite 509**  
**Toronto, Ontario**  
**M5L 1B9**

[Date]

[Name & Address]

Dear [Name]:

This is to advise you that in recognition of your contribution to our business, you have been selected to participate in the 2008 Stock Option Plan (the "**Plan**") of Bellair Ventures Inc. (the "**Corporation**"). On \_\_\_\_\_, \_\_\_\_\_, you were granted non-assignable, non-transferable options (the "**Options**") to acquire \_\_\_\_\_ common shares of the Corporation ("**Shares**") at a price of \$\_\_\_\_\_ per Share.

The Options will vest as follows: ●

The Options will expire on \_\_\_\_\_.

By accepting the Options, you represent and warrant to the Corporation that your participation in the Plan is voluntary and that you have not been induced to participate by expectation of engagement, appointment, employment, continued engagement, continued appointment or continued employment, as applicable.

In addition to any resale restrictions under applicable securities laws, you acknowledge that in the event that the Corporation is classified as a "Tier 2 Issuer" by TSX Venture Exchange Inc. (the "**Exchange**"), the Shares issued on the exercise of the Options must be legended with a four month Exchange hold period commencing on the date the Options were granted.

To the extent you are not a resident of Canada, you further represent and warrant to the Corporation that the grant and exercise of the Options, and the sale of the underlying Shares, is exempt from the prospectus (or similar) requirements of all applicable securities legislation.

To the extent that the Options being granted hereunder are being granted to a Company (as defined in Exchange Policy 1.1), you further represent and warrant to the Corporation that such Company is wholly owned by you and you further agree not to effect or permit any transfer of ownership or option of shares of such Company, nor to issue further shares of any class in such Company to any other individual or entity as long as the Option being granted hereunder remains outstanding, except with the written consent of the Exchange.

To the extent that the Options being granted hereunder are being granted to an Employee, Consultant, or Management Company Employee (as such terms are defined in Exchange Policy 4.4) of the

Corporation, the Corporation represents that such optionee is a bona fide Employee, Consultant, or Management Company Employee, as the case may be, of the Corporation.

Yours sincerely,

\_\_\_\_\_  
 Name: Emlyn J. David  
 Position: President, CEO, CFO, Secretary and Director

The undersigned acknowledges receipt of a copy of the Plan and acknowledges and agrees that the undersigned's options are subject to and governed by the provisions of the Plan. The undersigned further acknowledges and agrees that the Plan and the grant of options to acquire \_\_\_\_\_ Shares at a price of \$\_\_\_\_\_ per Share on the terms described in the foregoing notice of grant (the "**Notice**") constitutes the entire agreement between the parties with respect to the subject matter addressed herein and supercedes all prior agreements relating to the subject matter hereof. Other than the grant of options described in this Notice, the undersigned has no other written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming such for the purchase of Shares or any other interest in the Corporation.

Dated this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
**[Name of Optionee]**

## Schedule "B"

NOTICE OF OPTION EXERCISEBELLAIR VENTURES INC.  
STOCK OPTION PLAN

To: Chief Financial Officer, Bellair Ventures Inc. (the "**Corporation**")

Please be advised that in connection with stock options granted to me (the "**Options**") under the Corporation's Stock Option Plan pursuant to the Notice of Option Grant dated \_\_\_\_\_, the undersigned hereby wishes to exercise his or her option to purchase \_\_\_\_\_ common shares (the "**Option Shares**") in the capital of the Corporation at a price of \$\_\_\_\_\_ per Option Share, for a total payment of \$\_\_\_\_\_ (the "**Exercise Payment**"). I hereby agree to assist the Corporation in the filing of, and will file on a timely basis, all reports that I may be required to file under applicable securities laws or regulatory requirements. I hereby covenant, at the request of the Corporation, to pay to the Corporation, or make provision satisfactory to the Corporation for payment of any federal, provincial or other applicable taxes required by law to be withheld in respect of the Option prior to the issuance of such Option Shares. I understand that this request to exercise my Options is irrevocable.

Please find enclosed a cash payment, bank draft or certified cheque in the amount of \$\_\_\_\_\_, representing the aggregate Exercise Payment payable to the Corporation in full payment for the Option Shares.

The Option Shares issued on the exercise of my Options specified above are to be registered as follows:

\_\_\_\_\_  
(Print Registrant's Name):

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Telephone Number)

\_\_\_\_\_  
(Facsimile Number)

\_\_\_\_\_  
(E-Mail Address)

\_\_\_\_\_  
(Optionee's Signature)

\_\_\_\_\_  
(Date)

**APPENDIX “B”**

**CHARTER  
OF  
THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS  
OF  
SUSTAINCO INC.**

## TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

### I. PURPOSE

The overall purpose of the audit committee (the “Committee”) is to provide oversight of SustainCo Inc.’s (the “Corporation”) financial management and the design and implementation of an effective system of internal financial controls, to review and report to the Board of Directors (the “Board”) on the integrity of the financial statements of the Corporation, and to oversee, report, and make recommendations to the Board in respect of financial and non-financial risks faced by the Corporation.

### II. PROCEDURES AND ORGANIZATION

- A. The Committee shall consist of at least three Board members, who are each financially literate<sup>1</sup>.
- B. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the Committee’s chair (the “Chair”) and members of the Committee for the ensuing year. It is desirable that at least one member of the previous Committee be carried over to any newly constituted Committee. Any member may be removed from the Committee or replaced at any time by the Board and shall cease to be a member of the Committee upon ceasing to be a director of the Board.
- C. The Corporate Secretary of the Corporation shall be the secretary of the Committee (the “Secretary”), unless otherwise determined by the Committee.
- D. In the absence of the Chair or Secretary at any meeting of the Committee, the members present at the meeting shall appoint one of their members to act as chair of the Committee meeting and shall designate any director, officer or employee of the Corporation to act as secretary.
- E. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to and hear each other.
- F. The Committee shall have access to such officers and employees of the Corporation, to the Corporation’s independent auditors, and to such information and records of the Corporation as it considers necessary or advisable in order to perform its duties and responsibilities.
- G. Meetings of the Committee shall be conducted as follows:
  - (i) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the Chair, one of which shall be to review the annual financial statements of the Corporation and three of which shall be to review the interim financial statements of the Corporation. Notice of meetings shall be given to each member not less than 24 hours before the time of the meeting. However, meetings of the Committee may be held without formal notice if all of the

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<sup>1</sup> “financially literate” means the ability to read and understand a set of financial statements that presents a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

members are present and do not object to notice not having been given, or if those absent waive notice in any manner before or after the meeting;

- (ii) notice of meeting may be given verbally or by letter, facsimile, email or telephone and need not be accompanied by an agenda or any other material. The notice shall specify the purpose of the meeting;
  - (iii) the independent auditors shall receive notice of and be entitled to attend all meetings of the Committee; and
  - (iv) management representatives shall be invited to attend meetings as determined by the Committee, with the exception of those meetings deemed by the Committee as executive sessions and private sessions with the independent auditors.
- H. The independent auditors shall have a direct line of communication to the Committee through its Chair. The Committee, through its Chair, may contact an employee in the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper practices or transactions.
- I. The Committee shall take to the Board at its next regular meeting all such action it has taken since the previous report.
- J. The Chair shall call and convene a meeting of the Committee at the request of the Chief Executive Officer, a member of the Committee, or the independent auditors of the Corporation.
- K. Any matter to be voted upon shall be decided by a majority of the votes cast on the question. In the case of an equality of votes, the Chair shall be entitled to a second or deciding vote.

### **III. DUTIES AND RESPONSIBILITIES**

- A. The general duties and responsibilities of the Committee shall be as follows:
- (i) to review the annual (consolidated) financial statements of the Corporation, including the notes and management discussion and analysis thereto, and recommend whether such financial statements should be approved by the Board;
  - (ii) to assist the Board in the discharge of its fiduciary responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls;
  - (iii) to provide oversight of the management of the Corporation in designing, implementing and maintaining an effective system of internal controls; and
  - (iv) to report regularly to the Board on the fulfillment of its duties and responsibilities.
- B. The duties and responsibilities of the Committee as they relate to the independent auditors shall be as follows:

- (i) to recommend to the Board a firm of auditors, established by the Committee to be independent, for recommendation to the shareholders of the Corporation for appointment by the Corporation;
  - (ii) to review the fee, scope and timing of the audit and other related services rendered by the independent auditors and recommend to the Board the compensation of the independent auditors;
  - (iii) to pre-approve all non-audit services to be provided to the Corporation by the independent auditors or, alternatively, to adopt specific policies and procedures for the engagement of non-audit services; and
  - (iv) to provide oversight of the work of the independent auditors and then to review with the independent auditors, upon completion of their audit:
    - (a) contents of their report;
    - (b) scope and quality of the audit work performed;
    - (c) adequacy of the Corporation's financial and auditing personnel;
    - (d) cooperation received from the Corporation's personnel during the audit;
    - (e) internal resources used;
    - (f) significant transactions outside of the normal business of the Corporation;
    - (g) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems;
    - (h) the non-audit services provided by the independent auditors; and
    - (i) "management" letters and recommendations and management's response and follow-up of any identified issues or weaknesses.
- C. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation shall be:
- (i) to review the appropriateness and soundness of the Corporation's policies and practices with respect to internal auditing, insurance, accounting and financial controls, including through discussions with the Chief Executive Officer and Chief Financial Officer;
  - (ii) to review any unresolved issues between management and the independent auditors that could affect financial reporting or internal controls of the Corporation;
  - (iii) to review the appropriateness and soundness of the Corporation's procedures for the review of the Corporation's disclosure of financial information extracted or derived from its financial statements;



- (iv) to establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters;
- (v) to establish procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and
- (vi) to periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the staff or by the independent auditors have been implemented.

D. The duties and responsibilities of the Committee as they relate to risk management shall be:

- (i) to inquire of management and the independent auditor about significant business, political, financial and control risks or exposure to such risk;
- (ii) to document the material risks that the Corporation faces and update as events change and risks shift;
- (iii) to assess the steps management has taken to control identified risks to the Corporation, such as the use of hedging and insurance;
- (iv) to review, at least annually, and more frequently if necessary, the Corporation's policies for risk assessment and risk management (the identification, monitoring, and mitigation of risks);
- (v) to submit risk reports to the board and the independent auditors;
- (vi) to review the following with management, with the objective of obtaining reasonable assurance that financial risk is being effectively managed and controlled:
  - (a) management's tolerance for financial risks;
  - (b) management's assessment of significant financial risks facing the Corporation; and
  - (c) the Corporation's policies, plans, processes and any proposed changes to those policies for controlling significant financial risks;and
- (vii) to review with the Corporation's counsel legal matters which could have a material impact on the financial statements.

E. Other responsibilities of the Committee shall be:

- (i) to review the Corporation's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and the associated management discussion and analysis;
- (ii) to review, appraise and report to the Board on difficulties and problems with regulatory agencies which are likely to have a significant financial impact;

- (iii) to review any earnings press releases before the Corporation publicly discloses such information;
- (iv) to review the appropriateness of the accounting policies used in the preparation of the Corporation's financial statements, and consider recommendations for any material change to such policies;
- (v) to review and approve the hiring policies of the Corporation regarding employees and former employees of the present and former independent auditors of the Corporation;
- (vi) to review with the Corporation's counsel legal matters which could have a material impact on the financial statements;
- (vii) to determine that the Corporation has implemented adequate internal controls to ensure compliance with legal, ethical and regulatory requirements and that these controls are operating effectively; and
- (viii) to develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board.

F. In the carrying out of its responsibilities, the Committee has the authority:

- (i) to engage independent counsel and other advisors at the expense of the Corporation, as may be appropriate in the determination of the Committee;
- (ii) to set and pay the compensation for any advisors employed by the Committee; and
- (iii) to communicate directly with the internal and external auditors.

G. The Committee may delegate to one or more independent<sup>2</sup> members the authority to pre-approve non-audit services, so long as the pre-approval is presented to the full Committee at its first scheduled meeting following such pre-approval.

#### IV. FORWARD SCHEDULE

The attached schedule provides a planning guide for the Committee's activities.

Agenda Items	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Review Committee Terms of Reference		√		

<sup>2</sup> An "independent director" is defined as a director who has no direct or indirect material relationship with the Corporation. A material relationship means a relationship that could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment. Certain relationships are prescribed by NI 52-110 as material, including a partner or executive officer of an entity providing paid accounting, consulting, legal, investment banking or financial advisory services to the Corporation.

Review Annual Financial Statements		√		
Review Management Letter		√		
Review Interim Financial Statements	√		√	√
Review Risk Management Issues	√	√	√	√
Recommend Auditor and compensation				√
Review Scope of Audit		√		
Review Auditor's Fees		√		√
Meet Independently with Auditors		√		
Self Assessment				√
Review of Officers' Expenses and Prerequisites	√			