

# **KAIYUE INTERNATIONAL INC.**

c/o 150 – 6th Avenue Southwest  
Calgary, Alberta T2P 3Y7

## **NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON AUGUST 25, 2016**

**AND**

## **INFORMATION CIRCULAR**

*July 26, 2016*

*This document requires immediate attention. If you are in doubt as to how to deal with the documents or matters referred to in this Information Circular, you should immediately contact your advisors.*

**KAIYUE INTERNATIONAL INC.**  
c/o 150 – 6th Avenue Southwest  
Calgary, Alberta T2P 3Y7  
Telephone: 403.294.7000  
Facsimile: 403.265.8263

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

TO THE SHAREHOLDERS OF KAIYUE INTERNATIONAL INC.:

NOTICE IS HEREBY GIVEN that the annual general and special meeting (the “**Meeting**”) of shareholders of Kaiyue International Inc. (the “**Company**”) will be held at 1500 Manulife Place, 10180 – 101 Street, Edmonton, Alberta, T5J 4K1 on Thursday, August 25, 2016, at the hour of 10:00 a.m. (Edmonton time) for the following purposes:

1. to receive the audited financial statements of the Company for the financial period ended December 31, 2014 and December 31, 2015, and accompanying report of the auditors;
2. to ratify the appointment of MNP LLP, Chartered Accountants, as the auditors of the Company for the fiscal period ended December 31, 2015;
3. to appoint MNP LLP, Chartered Accountants, as the auditors of the Company for the fiscal period ending December 31, 2016 and authorize the directors of the Company to fix the remuneration to be paid to the auditors for the fiscal period ending December 31, 2016;
4. to set the number of directors of the Company for the ensuing year at three (3);
5. to elect Hilda Sung, Yingting (Tony) Guo and Alex Ku as the directors of the Company to serve until the next annual general meeting of the shareholders;
6. to ratify and approve the continuation of the rolling incentive stock option plan for the Company; and
7. to transact such further or other business as may properly come before the Meeting and any adjournment or postponement thereof.

The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, this Notice of Meeting.

The Company’s Board of Directors has fixed July 25, 2016 as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and at any adjournment or postponement thereof. Each registered shareholder at the close of business on that date is entitled to such notice and to vote at the Meeting in the circumstances set out in the accompanying Information Circular.

If you are a registered shareholder of the Company and unable to attend the Meeting in person, please complete, date and sign the accompanying form of proxy and deposit it with the Company’s transfer agent, TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1 by 10:00 a.m. (local time) at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of Alberta) before the time and date of the Meeting or any adjournment or postponement thereof.

If you are a non-registered shareholder of the Company and received this Notice of Meeting and accompanying materials through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing that holds your security on your behalf (the “**Intermediary**”), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

DATED at Calgary, Alberta, this 26th day of July, 2016.

By Order of the Board of Directors of

**KAIYUE INTERNATIONAL INC.**

/s/Hilda Sung

Hilda Sung  
President, Chief Executive Officer  
and Director

**PLEASE VOTE. YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, SIGN AND DATE THE ENCLOSED PROXY FORM AND PROMPTLY RETURN IT IN THE ENVELOPE PROVIDED IN ACCORDANCE WITH THE PROXY INSTRUCTIONS.**

**KAIYUE INTERNATIONAL INC.**  
c/o 150 – 6th Avenue Southwest  
Calgary, Alberta T2P 3Y6  
Telephone: 403.294.7000  
Facsimile: 403.265.8263

**INFORMATION CIRCULAR**  
July 26, 2016

**INTRODUCTION**

This Information Circular accompanies the Notice of Annual General and Special Meeting of Shareholders (the “**Notice**”) and is furnished to the shareholders (the “**Shareholders**”) holding common shares (the “**Common Shares**”) in the capital of Kaiyue International Inc. (the “**Company**”) in connection with the solicitation by the management of the Company of proxies to be voted at the Annual General and Special Meeting (the “**Meeting**”) of the Shareholders to be held at 10:00 a.m. (Edmonton time) on Thursday, August 25, 2016, at 1500 Manulife Place, 10180 – 101 Street, Edmonton, Alberta, T5J 4K1 or at any adjournment or postponement thereof.

**Date and Currency**

The date of this Information Circular is July 26, 2016. Unless otherwise stated, all amounts herein are in Canadian dollars.

**PROXIES AND VOTING RIGHTS**

**Management Solicitation**

The solicitation of proxies by management of the Company will be conducted by mail and may be supplemented by telephone or other personal contact to be made without special compensation by the directors, officers and employees of the Company. The Company does not reimburse shareholders, nominees or agents for costs incurred in obtaining from their principals authorization to execute forms of proxy, except that the Company has requested brokers and nominees who hold stock in their respective names to furnish this proxy material to their customers, and the Company will reimburse such brokers and nominees for their related out of pocket expenses. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company.

No person has been authorized to give any information or to make any representation other than as contained in this Information Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Information Circular shall not create, under any circumstances, any implication that there has been no change in the information set forth herein since the date of this Information Circular. This Information Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized, or in which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer of solicitation.

### **Appointment of Proxy**

Registered shareholders as of the record date are entitled to vote at the Meeting. A shareholder is entitled to one vote for each common share that such shareholder holds on the record date of July 25, 2016 (the "**Record Date**") on the resolutions to be voted upon at the Meeting, and any other matter to come before the Meeting.

The persons named as proxyholders (the "**Designated Persons**") in the enclosed form of proxy are directors and/or officers of the Company.

**A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON OR COMPANY (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR OR ON BEHALF OF THAT SHAREHOLDER AT THE MEETING, OTHER THAN THE DESIGNATED PERSONS NAMED IN THE ENCLOSED FORM OF PROXY.**

**TO EXERCISE THE RIGHT, THE SHAREHOLDER MAY DO SO BY STRIKING OUT THE PRINTED NAMES AND INSERTING THE NAME OF SUCH OTHER PERSON AND, IF DESIRED, AN ALTERNATE TO SUCH PERSON, IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY. SUCH SHAREHOLDER SHOULD NOTIFY THE NOMINEE OF THE APPOINTMENT, OBTAIN THE NOMINEE'S CONSENT TO ACT AS PROXY AND SHOULD PROVIDE INSTRUCTION TO THE NOMINEE ON HOW THE SHAREHOLDER'S SHARES SHOULD BE VOTED. THE NOMINEE SHOULD BRING PERSONAL IDENTIFICATION TO THE MEETING.**

In order to be voted, the completed form of proxy must be received by the Company's registrar and transfer agent, TMX Equity Transfer Services (the "**Transfer Agent**"), 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1, or by facsimile at (416) 595-9593, not later than 10:00 a.m. (Edmonton time) on August 23, 2016. Alternatively, the completed form of proxy may be delivered to the Chairman of the Meeting on the day of the Meeting, or any adjournment or postponement thereof.

A proxy may not be valid unless it is dated and signed by the shareholder who is giving it or by that shareholder's attorney-in-fact duly authorized by that shareholder in writing or, in the case of a corporation, dated and executed by a duly authorized officer or attorney-in-fact for the corporation. If a form of proxy is executed by an attorney-in-fact for an individual shareholder or joint shareholders, or by an officer or attorney-in-fact for a corporate shareholder, the instrument so empowering the officer or attorney-in-fact, as the case may be, or a notarially certified copy thereof, must accompany the form of proxy.

### **Revocation of Proxies**

A shareholder who has given a proxy may revoke it at any time before it is exercised by an instrument in writing: (a) executed by that shareholder or by that shareholder's attorney-in-fact authorized in writing or, where the shareholder is a corporation, by a duly authorized officer of, or attorney-in-fact for, the corporation; and (b) delivered either: (i) to the Company at the address set forth above, at any time up to and including the last business day preceding the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (ii) to the Chairman of the Meeting prior to the vote on matters covered by the proxy on the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (iii) in any other manner provided by law.

Also, a proxy will automatically be revoked by either: (i) attendance at the Meeting and participation in a poll (ballot) by the shareholder who has given the proxy, or (ii) submission of a subsequent proxy in

accordance with the foregoing procedures. A revocation of a proxy does not affect any matter on which a vote has been taken prior to any such revocation.

### **Voting of Common Shares and Proxies and Exercise of Discretion by Designated Persons**

A shareholder may indicate the manner in which the Designated Persons are to vote with respect to a matter to be voted upon at the Meeting by marking the appropriate space. If the instructions as to voting indicated in the proxy are certain, the common shares represented by the proxy will be voted or withheld from voting in accordance with the instructions given in the proxy. If the shareholder specifies a choice in the proxy with respect to a matter to be acted upon, then the common shares represented will be voted or withheld from the vote on that matter accordingly. **The common shares represented by a proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the common shares will be voted accordingly.**

**IF NO CHOICE IS SPECIFIED IN THE PROXY WITH RESPECT TO A MATTER TO BE ACTED UPON, THE PROXY CONFERS DISCRETIONARY AUTHORITY WITH RESPECT TO THAT MATTER UPON THE DESIGNATED PERSONS NAMED IN THE FORM OF PROXY. IT IS INTENDED THAT THE DESIGNATED PERSONS WILL VOTE THE COMMON SHARES REPRESENTED BY THE PROXY IN FAVOUR OF EACH MATTER IDENTIFIED IN THE PROXY AND FOR THE NOMINEES OF THE COMPANY'S BOARD OF DIRECTORS (THE "BOARD") FOR DIRECTORS AND AUDITOR.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to other matters which may properly come before the Meeting, including any amendments or variations to any matters identified in the Notice, and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Company is not aware of any such amendments, variations, or other matters to come before the Meeting.

In the case of abstentions from, or withholding of, the voting of the common shares on any matter, the common shares that are the subject of the abstention or withholding will be counted for determination of a quorum, but will not be counted as affirmative or negative on the matter to be voted upon.

### **BENEFICIAL SHAREHOLDERS**

**The information set out in this section is of significant importance to those shareholders who do not hold shares in their own name. Shareholders who do not hold their shares in their own name (referred to in this Information Circular as "Beneficial Shareholders") should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of common shares can be recognized and acted upon at the Meeting.** If common shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those common shares will not be registered in the shareholder's name on the records of the Company. Such common shares will more likely be registered under the names of the shareholder's broker or an agent of that broker. In the United States, the vast majority of such common shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). **Beneficial Shareholders should ensure that instructions respecting the voting of their common shares are communicated to the appropriate person well in advance of the Meeting.**

The Company does not have access to names of Beneficial Shareholders. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is similar to the Form of Proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in the United States and in Canada. Broadridge typically prepares a special voting instruction form, mails this form to the Beneficial Shareholders and asks for appropriate instructions regarding the voting of common shares to be voted at the Meeting. Beneficial Shareholders are requested to complete and return the voting instructions to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free number and access Broadridge's dedicated voting website (each as noted on the voting instruction form) to deliver their voting instructions and to vote the common shares held by them. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Broadridge voting instruction form cannot use that form as a proxy to vote common shares directly at the Meeting – the voting instruction form must be returned to Broadridge well in advance of the Meeting in order to have its common shares voted at the Meeting.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered shareholder and vote the common shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their common shares as proxyholder for the registered shareholder should enter their own names in the blank space on the instrument of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

Alternatively, a Beneficial Shareholder may request in writing that his or her broker send to the Beneficial Shareholder a legal proxy which would enable the Beneficial Shareholder to attend at the Meeting and vote his or her common shares.

All references to shareholders in this Information Circular are to registered shareholders, unless specifically stated otherwise.

This Information Circular and accompanying materials are being sent to both registered Shareholders and Beneficial Shareholders. The Company does not send proxy-related materials directly to Beneficial Shareholders and is not relying on the notice-and-access provisions of securities laws for delivery to either registered or Beneficial Shareholders. The Company will deliver proxy-related materials to nominees, custodians and fiduciaries and they will be asked to promptly forward them to Beneficial Shareholders. If you are a Beneficial Shareholder your nominee should send you a voting instruction form or proxy form along with this Information Circular. The Company has elected not to pay for the delivery of the proxy-related materials to objecting Beneficial Shareholders.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered Shareholder and vote Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

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

The Company is authorized to issue an unlimited number of Common Shares without par value. As at the Record Date, determined by the Board to be the close of business on July 25, 2016, a total of 15,274,230 Common Shares were issued and outstanding. Each Common Share carries the right to one vote at the Meeting.

Only registered Shareholders as of the Record Date are entitled to receive notice of, and to attend and vote at, the Meeting or any adjournment or postponement of the Meeting.

To the knowledge of the Company's directors and executive officers, no person or company beneficially owns, or controls or directs, directly or indirectly, Common Shares carrying more than 10% of the voting rights attached to the outstanding Common Shares of the Company, other than as set forth below:

<b>Name of Shareholder</b>	<b>Number of Common Shares</b>	<b>Percentage of Outstanding Common Shares<sup>(1)</sup></b>
Hilda Sung	4,275,000	27.99%

<sup>(1)</sup> Based on 15,274,230 Common Shares issued and outstanding as of July 25, 2016, on an undiluted basis.

#### **RECEIPT OF FINANCIAL STATEMENTS**

The directors will place before the Meeting the financial statements for the years ended December 31, 2014 and December 31, 2015 together with the auditors' reports thereon.

#### **NUMBER OF DIRECTORS**

The Articles of the Company provide for a board of directors of no fewer than one director and no greater than nine directors.

At the Meeting, Shareholders will be asked to pass an ordinary resolution to set the number of directors of the Company for the ensuing year at five. The number of directors will be approved if the affirmative vote of at least a majority of Common Shares present or represented by proxy at the Meeting and entitled to vote thereat are voted in favour of setting the number of directors at three (3).

**Management recommends the approval of an ordinary resolution to set the number of directors of the Company at three (3).**



## ELECTION OF DIRECTORS

At present, the directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting, or until their successors are duly elected or appointed in accordance with the Company's Articles or until such director's earlier death, resignation or removal. The Company's current Board consists of Hilda Sung, Yingting (Tony) Guo and Alex Ku. In the absence of instructions to the contrary, the enclosed Form of Proxy will be voted for the nominees listed in the Form of Proxy.

Management of the Company proposes to nominate the individuals listed below, as further described in the table below, for election by the Shareholders as directors of the Company to hold office until the next annual meeting. Information concerning such persons, as furnished by the individual directors, is as follows:

Name, Province/State, Country of Residence and Position(s) with the Company	Principal Occupation Business or Employment for Last Five Years	Periods during which Nominee has Served as a Director	Number of Voting Securities of the Company Beneficially Owned or Controlled or Directed, Directly or Indirectly <sup>(1)</sup>
Hilda Sung <sup>(2)</sup> Central, Hong Kong  <i>Chief Executive Officer,                      President and Director</i>	Chief Executive Officer and a director of Yongsheng Capital Inc., a capital pool company listed on the TSX Venture Exchange (March 2011 to present); Managing Director of China High Growth Fund Management Limited (September 2009 to present); Managing Director of ZY Financial Investment Consultants (Shenzhen) Ltd.; Executive Director of China High Growth Fund Management Ltd.; Director of China Southern Futures Co. Ltd. (July 2005 to present); Director of New Territories General Chamber of Commerce of The Hong Kong Chamber of Medium Business Ltd. (2002 to present); Managing Director of Taifook Lexton Investment Consultants (Shenzhen) Ltd. (January 2008 to October 2009); and Director of Wealth Management of Taifook Lexton Consultants Limited. (July 2007 to September 2009).	December 9, 2009 to present	4,275,000 <sup>(3)</sup>
Yingting (Tony) Guo British Columbia, Canada  <i>Director</i>	Chairman of the Board for C2 Mining International Corp. in BC, Canada from March 2016 to present; VP and Chief Geologist for SW Tech Corp. in California, USA from 2012 to present; President of XJ Investment and Consulting Ltd. in BC, Canada from 2008 to present; director of CaNickel Mining Company from 2015 to present, director of Minco Base Metals Corporation from May 2016 to present.	November 12, 2012 to present	Nil <sup>(4)</sup>
Alex Ku Hong Kong, China  Director	Principal consultant of Manhattan Consulting Ltd. from January 2012 to May 2013; Director and consultant of Alliance Financial Intelligence Ltd. from January 2006 to December 2012.	July 22, 2013 to present	Nil

<sup>(1)</sup> Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, directly or indirectly, as at July 25, 2016.

- (2) Denotes a member of the Audit Committee of the Company.
- (3) Hilda Sung also holds options to purchase 100,000 Common Shares at \$0.13 per Common Share expiring on May 24, 2018.
- (4) Yingting (Tony) Guo holds options to purchase 50,000 Common Shares at \$0.13 per Common Share expiring on May 24, 2018.

The term of office of those nominees set out above, who are presently directors, will expire as of the date of the Meeting. All of the directors who are elected at the Meeting will have their term of office expire at the next annual general meeting or at such time when their successors are duly elected or appointed in accordance with the Company's Articles, or with the provisions of applicable corporate legislation or until such director's earlier death, resignation or removal.

Management does not contemplate that any of its nominees will be unable to serve as directors. If any vacancies occur in the slate of nominees listed above before the Meeting, then the Designated Persons intend to exercise discretionary authority to vote the Common Shares represented by proxy for the election of any other persons as directors.

**Management recommends the approval of each of the nominees listed above for election as directors of the Company for the ensuing year.**

#### **Orders**

To the best of management's knowledge, no proposed director of the Company is, or within the ten (10) years before the date of this Information Circular has been, a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

#### **Bankruptcies**

To the best of management's knowledge, no proposed director of the Company has, within 10 years before the date of this Information Circular, been a director or an executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

To the best of management's knowledge, no proposed director of the Company has, within the ten (10) years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

## Penalties or Sanctions

To the best of management's knowledge, no proposed director of the Company has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## STATEMENT OF EXECUTIVE COMPENSATION

### General

For the purpose of this Information Circular:

**"compensation securities"** includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the Company or one of its subsidiaries (if any) for services provided or to be provided, directly or indirectly to the Company or any of its subsidiaries (if any);

**"NEO"** or **"named executive officer"** means:

- (a) each individual who served as chief executive officer ("**CEO**") of the Company, or who performed functions similar to a CEO, during any part of the most recently completed financial year,
- (b) each individual who served as chief financial officer ("**CFO**") of the Company, or who performed functions similar to a CFO, during any part of the most recently completed financial year,
- (c) the most highly compensated executive officer of the Company or any of its subsidiaries (if any) other than individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year, and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries (if any), nor acting in a similar capacity, at the end of that financial year;

**"plan"** includes any plan, contract, authorization or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons; and

**"underlying securities"** means any securities issuable on conversion, exchange or exercise of compensation securities.

### Director and Named Executive Officer Compensation, excluding Compensation Securities

The following table sets forth all direct and indirect compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Company thereof to each NEO and each director of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director for services provided and for services to be provided, directly or indirectly, to the Company:

Name and Position	Fiscal Years Ended	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of all other Compensation (\$)	Total Compensation (\$)
Hilda Sung <i>President, Chief Executive Officer and Director</i> <sup>(1)</sup>	2015	60,000	Nil	Nil	Nil	Nil	60,000
	2014	60,000	Nil	Nil	Nil	Nil	60,000
Jin Kuang <i>Chief Financial Officer and Corporate Secretary</i> <sup>(2)</sup>	2015	30,000	Nil	Nil	Nil	Nil	30,000
	2014	30,000	Nil	Nil	Nil	Nil	30,000
Yingting (Tony) Guo <sup>(3)</sup>	2015	3,500	Nil	Nil	Nil	Nil	3,500
	2014	3,500	Nil	Nil	Nil	Nil	3,500
Alex Ku <sup>(4)</sup>	2015	4,950	Nil	Nil	Nil	Nil	4,950
	2014	3,500	Nil	Nil	Nil	Nil	3,500

(1) Hilda Sung was appointed as President, Chief Executive Officer and a director of the Company on December 9, 2009.

(2) Jin Kuang was appointed Chief Financial Officer and Corporate Secretary of the Company on May 8, 2013.

(3) Yingting (Tony) Guo has been a director of the Company since October 24, 2012.

(4) Alex Ku was appointed a director of the Company on July 22, 2013.

### Stock Options and Other Compensation Securities

The following table sets out all compensation securities granted or issued to each director and NEO by the Company or any subsidiary thereof in the years ended 2014 and 2015 for services provided, or to be provided, directly or indirectly, to the Company or any subsidiary thereof:



Name and Position	Type of Compensation Security	Number of Underlying Securities Exercised (#)	Exercise Price per Security (\$)	Date of Exercise	Closing Price per Security on Date of Exercise (\$)	Difference between Exercise Price and Closing Price on Date of Exercise (\$)	Total Value on Exercise Date (\$)
Jin Kuang <i>Chief Financial Officer and Corporate Secretary</i> <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Yingting (Tony) Guo <sup>(3)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Alex Ku <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil

### Stock Option Plans and Other Incentive Plans

Refer to the sections titled “Particulars of Matters to be Acted Upon” for a description of all plan based awards and their significant terms.

### Employment, Consulting and Management Agreements

Effective May 15, 2013, the Company entered into a consulting agreement with Hilda Sung, whereby Ms. Sung agreed to provide services as the Chief Executive Officer of the Company for a salary of \$60,000 per year. The agreement was effective until May 15, 2015 and has automatically renewed unless, at least ninety days prior to the end of the then current term of the agreement, either party gives written notice to the other of its intention not to renew the agreement. The consulting agreement may be terminated at any time by Ms. Sung by giving at least 30 days’ notice to the Company. The consulting agreement may be terminated at any time by the Company, in the event of a breach of terms, by the payment of one month’s fees for each year that Ms. Sung has been providing services to the Company with a minimum of three months fees payment for any termination before the third anniversary of the commencement of the agreement.

Effective May 15, 2013, the Company entered into a consulting agreement with Conscientia Consulting Inc., a private company wholly owned by Jin Kuang, whereby Ms. Kuang agreed to provide services as the Chief Financial Officer of the Company for a salary of \$2,500 per month. The agreement was effective until May 15, 2015 and has automatically renewed unless, at least ninety days prior to the end of the then current term of the agreement, either party gives written notice to the other of its intention not to renew the agreement. The consulting agreement may be terminated at any time by Ms. Kuang by giving at least 30 days’ notice to the Company. The consulting agreement may be terminated at any time by the Company, in the event of a breach of terms, by the payment of one month’s fees for each year that Ms. Kuang has been providing services to the Company with a minimum of three months fees payment for any termination before the third anniversary of the commencement of the agreement.

### Oversight and Description of Director and NEO Compensation

The Company does not have in place a Compensation Committee or a Nominating Committee. All tasks related to developing and monitoring the Company’s approach to the compensation of NEOs of the Company and to developing and monitoring the Company’s approach to the nomination of directors to the Board are performed by the members of the Board. The compensation of the NEOs and the

Company's employees is reviewed, recommended and approved by the Board without reference to any specific formula or criteria.

The Company's compensation program is intended to attract, motivate, reward and retain the management talent needed to achieve the Company's business objectives of improving overall corporate performance and creating long-term value for the Company's shareholders. The Company's current compensation program is comprised of base salary, short term incentives (discretionary bonuses) and long term incentives (stock options). The compensation program is intended to reward executive officers on the basis of individual performance and achievement of corporate objectives. At this time, the Board has not established any benchmark or performance goals that the NEOs must achieve in order to maintain their respective positions as NEOs with the Company. However, the NEOs are expected to carry out their duties in an effective and efficient manner and to advance the exploration goals of the Company. If the Board determines that these duties are not being met, the Board has the ability to replace such NEOs in its discretion.

In making compensation decisions, the Board strives to find a balance between short-term and long-term compensation and cash versus equity incentive compensation. Base salaries and discretionary cash bonuses primarily reward recent performance and incentive stock options encourage NEOs to continue to deliver results over a longer period of time and serve as a retention tool. The annual salary for each NEO is determined by the Board based on the level of responsibility and experience of the individual, the relative importance of the position to the Company, the professional qualifications of the individual and the performance of the individual over time. The NEOs' performances and salaries are to be reviewed periodically on the anniversary of their employment with the Company. Increases in salary are to be evaluated on an individual basis and are performance based. The amount and award of cash bonuses to key executives and senior management is discretionary, depending on, among other factors, the financial performance of the Company and the position of a participant.

The Company's compensation policies and practices are designed to provide certain executive officers incentives for the achievement of both short-term and long-term objectives without motivating them to take unnecessary or excessive risk. As part of this review, the Board noted the following factors which discourage the Company's executive officers from taking unnecessary or excessive risks:

- as a junior mineral exploration issuer with employment agreements with two NEOs there is limited opportunity for the small management team to undertake unnecessary or excessive risk to maximize compensation at the expense of the Company;
- as a junior mineral exploration issuer, there are limited opportunities for executive officers to artificially inflate financial and operating performance of the Company to increase the value of equity awards to such persons;
- all of the directors are regularly apprised of the Company's financial position throughout the year;
- executive compensation or salary for Hilda Sung and Jin Kuang is a set amount, with discretionary bonus as determined by the Board, which is tied to the overall results of the Company and not to the results of any one mineral property;

- with respect to Hilda Sung and Jin Kuang, there is an effective balance between cash and equity, near-term and long-term focus, corporate and individual performance, and financial and non-financial performance;
- with respect to Hilda Sung and Jin Kuang, the Company’s approach to performance evaluation and compensation provides greater rewards to Hilda Sung and Jin Kuang achieving both short-term and long-term objectives;
- incentive plan awards granted are not awarded upon the accomplishment of a task.

Based on this review, the Board believes that the compensation policies and practices do not encourage executive officers to take unnecessary or excessive risk.

Under the Company’s compensation policies and practices, NEOs and directors are not prevented 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.

#### Pension Plan Benefits

The Company does not have any pension, defined benefit, defined contribution or deferred compensation plans in place.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

#### Equity Compensation Plan Information

The following table sets forth details of the Company’s compensation plans under which equity securities of the Company are authorized for issuance at the end of the Company’s most recently completed financial year.

<b>Plan Category</b>	<b>(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights<sup>(1)</sup></b>	<b>(b) Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
Equity compensation plans previously approved by securityholders <sup>(1)</sup>	200,000	\$0.13	1,327,423
Equity compensation plans not previously approved by securityholders	N/A	N/A	N/A
<b>Total</b>	<b>200,000</b>	<b>\$0.13</b>	<b>1,327,423</b>

<sup>(1)</sup> The Company does not have any warrants or rights outstanding under any equity compensation plans.

See “Particulars of Matters to be Acted Upon – Approval of Stock Option Plan” for a description of the material features of the Plan.



A copy of the Plan is available for review at the registered offices of the Company, at 150 – 6th Avenue Southwest, Calgary, Alberta T2P 3Y6 during normal business hours up to and including the date of the Meeting.

#### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No current or former director, executive officer or employee, proposed nominee for election to the board of directors, or associate of such persons is, or has been, indebted to the Company since the beginning of the most recently completed financial year of the Company and no indebtedness remains outstanding as at the date of this Information Circular.

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

No informed person of the Company, proposed director of the Company or any associate or affiliate of any informed person or proposed director of the Company has had any material interest, direct or indirect, in any transaction since the beginning of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company.

"Informed person" means

- (a) a director or executive officer of the Company;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;
- (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company other than voting securities held by the person or company as underwriter in the course of a distribution of it; and
- (d) the Company has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

#### **APPOINTMENT OF AUDITOR**

At the Meeting, Shareholders will be asked to vote to ratify the appointment of MNP LLP, Chartered Accountants, as auditor of the Company for the Company's fiscal year ended December 31, 2015.

**Management recommends that Shareholders vote in favour of the ratification of the appointment of MNP LLP, as the Company's auditor for the Company's fiscal year ended December 31, 2015.**

At the Meeting, Shareholders will also be asked to vote to appoint MNP LLP, Chartered Accountants, as the auditors of the Company for the fiscal period ending December 31, 2016 and authorize the directors of the Company to fix the remuneration to be paid to the auditors for the fiscal period ending December 31, 2016.

**Management recommends that Shareholders vote in favour of the appointment of MNP LLP, as the Company's auditor for the Company's fiscal year ending December 31, 2016 at a remuneration to be fixed by the Board.**

## MANAGEMENT CONTRACTS

Since the start of the Company's most recently completed financial year, no management functions of the Company have been, to any substantial degree, performed by a person other than the directors or executive officers of the Company.

## AUDIT COMMITTEE DISCLOSURE

### Audit Committee

The Audit Committee's role is to act in an objective, independent capacity as a liaison between the auditors, management and the Board and to ensure the auditors have the ability to consider and discuss governance and audit issues with parties not directly responsible for operations. Applicable securities laws require the Company, as a venture issuer, to disclose certain information relating to the Company's audit committee and its relationship with the Company's independent auditors.

### Audit Committee Charter

The Company's Audit Committee Charter was adopted by the Board and Audit Committee on January 6, 2010. A copy of the Company's Audit Committee Charter is attached hereto as Schedule "A".

### Composition of Audit Committee

The members of the Company's Audit Committee are:

Name	Independence	Financial Literacy
Hilda Sung	Not Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>
Yingting (Tony) Guo	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>
Alex Ku	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>

<sup>(1)</sup> A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment. Hilda Sung is not independent, as she is the CEO and President of the Company.

<sup>(2)</sup> An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

### Relevant Education and Experience

#### *Hilda Sung*

Ms. Sung has served as a director, President and CEO since December 2009. Ms. Sung is currently the Chief Executive Officer and director of Yongsheng Capital Inc., a capital pool company listed on the TSX Venture Exchange since March 3, 2011 and the Managing Director of China High Growth Fund Management Limited since September 2009. Ms. Sung is also presently the Managing Director of ZY Financial Investment Consultants (Shenzhen) Ltd. and Executive Director of China High Growth Fund Management Ltd. as well as the Independent Director of China Southern Futures Co. Ltd since July 2005 and Director, New Territories General Chamber of Commerce of The Hong Kong Chamber of Medium Business Ltd. since 2002. From January 2008 to October 2009, Ms. Sung was the Managing Director of

Taifook Lexton Investment Consultants (Shenzhen) Ltd. Ms. Sung has been the Marketing Director of Hantec International Finance Group Limited from May 2005 to September 2007. From July 2007 to September 2009, Ms. Sung was the Director of Wealth Management of Taifook Lexton Consultants Limited. Ms. Sung obtained a Master of Business Administration from the University of South Australia in 2002 and a Bachelor of Laws from Tsing Hua University in 2007.

*Yingting (Tony) Guo*

Mr. Guo currently also serves as General Manager of Gansu Pacific Mining Company. He worked as Vice President of Behre Dolbear Group, Inc., a worldwide mineral industry advisory firm from 2001 to 2012. He was the Exploration Manager of China Gold International Resources Corp., a mineral development company listed on the Toronto Stock Exchange, from 2006 to 2009.

*Alex Ku*

Mr. Ku was the principal consultant of Manhattan Consulting Ltd. from January 2012 to May 2013. He also served as a director and consultant of Alliance Financial Intelligence Ltd. from January 2006 to December 2012.

**Audit Committee Oversight**

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

**Reliance on Certain Exemptions**

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

**Pre-Approval Policies and Procedures**

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as set out in the Audit Committee Charter of the Company. A copy of the Company's Audit Committee Charter is attached hereto as Schedule "A".

**External Auditor Service Fees**

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The aggregate fees billed by the Company's external auditor in the last two fiscal years ended December 31, 2015 and December 31, 2014 by category, are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
December 31, 2015	\$14,300	Nil	Nil	Nil
December 31, 2014	\$14,300	Nil	Nil	Nil

### Exemption

The Company is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

### CORPORATE GOVERNANCE

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices*, the Company is required to disclose its corporate governance practices with respect to the corporate governance guidelines (the “**Guidelines**”) adopted in National Policy 58-201. These Guidelines are not prescriptive, but have been used by the Company in adopting its corporate governance practices. The Company’s approach to corporate governance is set out below.

### Board of Directors

The Board facilitates its exercise of independent supervision over the Company’s management through frequent meetings or unanimous consent resolutions of the Board. The Board is currently comprised of three directors consisting of Hilda Sung, Yingting (Tony) Guo and Alex Ku. The Board has no formal procedures designed to facilitate the exercise of independent supervision over management, relying instead on the integrity of the individual members of its management team to act in the best interests of the Company.

Hilda Sung is not independent as she is the President and CEO of the Company. Yingting (Tony) Guo and Alex Ku are “independent” in that they are independent and free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the director’s ability to act with the best interests of the Company, other than the interests and relationships arising from shareholders.

### Directorships

Name of Director	Names of Other Reporting Issuers
Hilda Sung	Yongsheng Capital Corp. <sup>(1)</sup> MDream Inworld Limited <sup>(2)</sup>
Yingting (Tony) Guo	CaNickel Mining Company <sup>(1)</sup> Minco Base Metals Corporation <sup>(1)</sup> Nickel North Exploration Corp. <sup>(1)</sup>
Alex Ku	Nil

<sup>(1)</sup> TSX Venture Exchange

<sup>(2)</sup> Hong Kong Stock Exchange

### **Orientation and Continuing Education**

The Board briefs all new directors with respect to the policies of the Board and other relevant corporate and business information. The Board does not provide any continuing education.

### **Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

### **Nomination of Directors**

The Board is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of shareholders. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the required time, show support for the Company's mission and strategic objectives, and a willingness to serve.

### **Compensation**

The Board conducts reviews with regard to the compensation of the directors, CEO and CFO once a year. For additional information please see the discussion in the section entitled "Executive Compensation".

### **Other Board Committees**

The Board has no committees other than the Audit Committee.

### **Assessments**

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

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

Except as otherwise disclosed herein, no director or executive officer of the Company who was a director or executive officer at any time since the beginning of the Company's last financial year, no proposed nominee for election as a director of the Company, or no associate or affiliate of any such directors, executive officers or nominees, has any material interest, direct or indirect, by way of beneficial ownership of securities of the Company or otherwise, in any matter to be acted upon at the Meeting other than the election of directors, the appointment of auditors or the approval of the Plan (as hereinafter defined). Directors and executive officers of the Company and the nominees, if elected, are eligible to be granted incentive stock options pursuant to the Plan.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### Ratification of Stock Option Plan

Shareholders will be asked to approve an ordinary resolution set forth below in this Circular (the “**Option Plan Resolution**”) ratifying the Company’s existing stock option plan (the “**Option Plan**”), which is considered a “rolling” stock option plan, which reserves a maximum of 10% of the Company’s total outstanding Common Shares at the time of grant for issuance pursuant to the Option Plan. Any previous granted options are governed by the Option Plan, and if options granted expire or terminate for any reason without having been exercised, the unpurchased Common Shares will again be available under the Option Plan. The policies of the TSX Venture Exchange (the “**Exchange**”) provide that, where a Company has a rolling stock option plan in place, it must seek Shareholder approval for such plan annually.

A full copy of the Option Plan will be available for inspection at the Meeting. See “*Share-based and Option-based Awards*” for further information on the Option Plan.

In order for the resolution approving and ratifying the Plan to be effective, it must be approved by the affirmative vote of a majority of the votes cast in respect thereof by Shareholders present in person or by proxy at the Meeting.

**The Board believes that the Option Plan is in the best interests of the Company and unanimously recommends that shareholders vote FOR the Option Plan. In the absence of a contrary instruction, the person(s) designated by management of the Company in the enclosed form of proxy intend to vote FOR the Option Plan Resolution ratifying the Option Plan.**

“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The Option Plan of the Company is hereby ratified and shall continue and remain in effect until further ratification is required pursuant to the rules of the Exchange or other applicable regulatory requirements.
2. Any one director or officer of the Company is authorized and directed, on behalf of the Company, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to this ordinary resolution.”

### ADDITIONAL INFORMATION

Additional information about the Company can be obtained free of charge through the SEDAR website at [www.sedar.com](http://www.sedar.com).

Shareholders may also contact Hilda Sung, President, Chief Executive Officer and Director of c/o 150 – 6th Avenue Southwest, Calgary, Alberta T2P 3Y6 Telephone: (604) 687-5700 to request copies of the Company’s financial statements and the related Management’s Discussion and Analysis (the “**MD&A**”). Financial information is provided in the Company’s comparative financial statements and MD&A for its financial year ended December 31, 2015 and comparisons thereto.

**APPROVAL OF THE BOARD OF DIRECTORS**

The contents of this Information Circular have been approved, and the delivery of it to each Shareholder of the Company entitled thereto and to the appropriate regulatory agencies, has been authorized by the Board.

Dated at Calgary, Alberta, the 26th day of July, 2016.

**ON BEHALF OF THE BOARD**

**KAIYUE INTERNATIONAL INC.**

*"Hilda Sung"*

\_\_\_\_\_  
Hilda Sung  
Chief Executive Officer, President  
and Director

**SCHEDULE "A"**

**AUDIT COMMITTEE CHARTER**



### **1. Introduction**

The Audit Committee (the “Committee” or the “Audit Committee”) of Kaiyue International Inc. (“Kaiyue” or the “Company”) is a committee of the Board of Directors (the “Board”). The Committee shall oversee the accounting and financial reporting practices of the Company and the audits of the Company’s financial statements and exercise the responsibilities and duties set out in this Mandate.

### **2. Membership**

#### *Number of Members*

The Committee shall be composed of three or more members of the Board.

#### *Independence of Members*

Each member of the Committee must be independent. “Independent” shall have the meaning, as the context requires, given to it in National Instrument 52-110 *Audit Committees*, as may be amended from time to time.

#### *Chair*

At the time of the annual appointment of the members of the Audit Committee, the Board shall appoint a Chair of the Audit Committee. The Chair shall be a member of the Audit Committee, preside over all Audit Committee meetings, coordinate the Audit Committee’s compliance with this Mandate, work with management to develop the Audit Committee’s annual work-plan and provide reports of the Audit Committee to the Board.

#### *Financial Literacy of Members*

At the time of his or her appointment to the Committee, each member of the Committee shall have, or shall acquire within a reasonable time following appointment to the Committee, the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

#### *Term of Members*

The members of the Committee shall be appointed annually by the Board. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board. Unless a Chair is elected by the Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

### **3. Meetings**

#### *Number of Meetings*

The Committee may meet as many times per year as necessary to carry out its responsibilities.

*Quorum*

No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present. A majority of members of the Committee shall constitute a quorum.

*Calling of Meetings*

The Chair, any member of the Audit Committee, the external auditors, the Chairman of the Board, or the Chief Executive Officer or the Chief Financial Officer may call a meeting of the Audit Committee by notifying the Company's Corporate Secretary who will notify the members of the Audit Committee. The Chair shall chair all Audit Committee meetings that he or she attends, and in the absence of the Chair, the members of the Audit Committee present may appoint a chair from their number for a meeting.

*Minutes; Reporting to the Board*

The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held. Upon approval of the minutes by the Committee, the minutes shall be circulated to the members of the Board. However, the Chair may report orally to the Board on any matter in his or her view requiring the immediate attention of the Board.

*Attendance of Non-Members*

The external auditors are entitled to attend and be heard at each Audit Committee meeting. In addition, the Committee may invite to a meeting any officers or employees of the Company, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities. At least once per year, the Committee shall meet with the internal auditor and management in separate sessions to discuss any matters that the Committee or such individuals consider appropriate.

*Meetings without Management*

The Committee shall hold unscheduled or regularly scheduled meetings, or portions of meetings, at which management is not present.

*Procedure*

The procedures for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those applicable to meetings of the Board.

*Access to Management*

The Committee shall have unrestricted access to the Company's management and employees and the books and records of the Company.

**4. Duties and Responsibilities**

The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these functions and responsibilities, the Committee shall perform the duties required of an audit committee by any exchange upon which securities of the Company are traded, or any governmental or regulatory body exercising authority over the Company, as are in effect from time to time (collectively, the "Applicable Requirements").

*Financial Reports*

(a) General

The Audit Committee is responsible for overseeing the Company's financial statements and financial disclosures. Management is responsible for the preparation, presentation and integrity of the Company's financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by the Company. The auditors are responsible for auditing the Company's annual consolidated financial statements and for reviewing the Company's unaudited interim financial statements.

(b) Review of Annual Financial Reports

The Audit Committee shall review the annual consolidated audited financial statements of the Company, the auditors' report thereon and the related management's discussion and analysis of the Company's financial condition and results of operation ("MD&A"). After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the annual financial statements and the related MD&A.

(c) Review of Interim Financial Reports

The Audit Committee shall review the interim consolidated financial statements of the Company, the auditors' review report thereon and the related MD&A. After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the interim financial statements and the related MD&A.

(d) Review Considerations

In conducting its review of the annual financial statements or the interim financial statements, the Audit Committee shall:

- (i) meet with management and the auditors to discuss the financial statements and MD&A;
- (ii) review the disclosures in the financial statements;
- (iii) review the audit report or review report prepared by the auditors;
- (iv) discuss with management, the auditors and internal legal counsel, as requested, any litigation claim or other contingency that could have a material effect on the financial statements;
- (v) review the accounting policies followed and critical accounting and other significant estimates and judgements underlying the financial statements as presented by management;
- (vi) review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management, including requirements relating to complex or unusual transactions, significant changes to accounting principles and alternative treatments under IFRS;

- (vii) review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;
- (viii) review management's report on the effectiveness of internal controls over financial reporting;
- (ix) review the factors identified by management as factors that may affect future financial results;
- (x) review results of the Company's audit committee whistleblower hotline program; and
- (xi) review any other matters, related to the financial statements, that are brought forward by the auditors, management or which are required to be communicated to the Audit Committee under accounting policies, auditing standards or Applicable Requirements.

(e) Approval of Other Financial Disclosures

The Audit Committee shall review and, if advisable, approve and recommend for Board approval financial disclosure in a prospectus or other securities offering document of the Company, press releases disclosing, or based upon, financial results of the Company and any other material financial disclosure, including financial guidance provided to analysts, rating agencies or otherwise publicly disseminated.

*Auditors*

(a) General

The Audit Committee shall be responsible for oversight of the work of the auditors, including the auditors' work in preparing or issuing an audit report, performing other audit, review or attest services or any other related work.

(b) Nomination and Compensation

The Audit Committee shall review and, if advisable, select and recommend for Board approval the external auditors to be nominated and the compensation of such external auditor. The Audit Committee shall have ultimate authority to approve all audit engagement terms and fees, including the auditors' audit plan.

(c) Resolution of Disagreements

The Audit Committee shall resolve any disagreements between management and the auditors as to financial reporting matters brought to its attention.

(d) Discussions with Auditors

At least annually, the Audit Committee shall discuss with the auditors such matters as are required by applicable auditing standards to be discussed by the auditors with the Audit Committee.

(e) Audit Plan

At least annually, the Audit Committee shall review a summary of the auditors' annual audit plan. The Audit Committee shall consider and review with the auditors any material changes to the scope of the plan.

(f) Quarterly Review Report

The Audit Committee shall review a report prepared by the auditors in respect of each of the interim financial statements of the Company.

(g) Independence of Auditors

At least annually, and before the auditors issue their report on the annual financial statements, the Audit Committee shall obtain from the auditors a formal written statement describing all relationships between the auditors and the Company; discuss with the auditors any disclosed relationships or services that may affect the objectivity and independence of the auditors; and obtain written confirmation from the auditors that they are objective and independent within the meaning of the applicable Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which the auditors belong and other Applicable Requirements. The Audit Committee shall take appropriate action to oversee the independence of the auditors.

(h) Evaluation and Rotation of Lead Partner

At least annually, the Audit Committee shall review the qualifications and performance of the lead partner(s) of the auditors and determine whether it is appropriate to adopt or continue a policy of rotating lead partners of the external auditors.

(i) Requirement for Pre-Approval of Non-Audit Services

The Audit Committee shall approve in advance any retainer of the auditors to perform any non-audit service to the Company that it deems advisable in accordance with Applicable Requirements and Board approved policies and procedures. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any member of the Audit Committee to whom this authority has been delegated must be presented to the full Audit Committee at its next scheduled Audit Committee meeting.

(j) Approval of Hiring Policies

The Audit Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.

(k) Communication with Internal Auditor

The internal auditor shall report regularly to the Committee. The Committee shall review with the internal auditor any problem or difficulty the internal auditor may have encountered including, without limitation, any restrictions on the scope of activities or access to required information, and any significant reports to management prepared by the internal auditing department and management's responses thereto.

The Committee shall periodically review and approve the mandate, plan, budget and staffing of the internal audit department. The Committee shall direct management to make changes it deems advisable in respect of the internal audit function.

The Committee shall review the appointment, performance and replacement of the senior internal auditing executive and the activities, organization structure and qualifications of the persons responsible for the internal audit function.

(l) Financial Executives

The Committee shall review and discuss with management the appointment of key financial executives and recommend qualified candidates to the Board, as appropriate.

*Internal Controls*

(a) General

The Audit Committee shall review the Company's system of internal controls.

(b) Establishment, Review and Approval

The Audit Committee shall require management to implement and maintain appropriate systems of internal controls in accordance with Applicable Requirements, including internal controls over financial reporting and disclosure and to review, evaluate and approve these procedures. At least annually, the Audit Committee shall consider and review with management and the auditors:

- (i) the effectiveness of, or weaknesses or deficiencies in: the design or operation of the Company's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions;
- (ii) any significant changes in internal controls over financial reporting that are disclosed, or considered for disclosure, including those in the Company's periodic regulatory filings;
- (iii) any material issues raised by any inquiry or investigation by the Company's regulators;
- (iv) the Company's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Company to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting; and
- (v) any related significant issues and recommendations of the auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.

*Compliance with Legal and Regulatory Requirements*

The Audit Committee shall review reports from the Company's Corporate Secretary and other management members on: legal or compliance matters that may have a material impact on the Company; the effectiveness of the Company's compliance policies; and any material communications received from regulators. The Audit Committee shall review management's evaluation of and representations relating to compliance with specific applicable law and guidance, and management's plans to remediate any deficiencies identified.

*Audit Committee Hotline Whistleblower Procedures*

The Audit Committee shall establish for (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. Any such complaints or concerns that are received shall be reviewed by the Audit Committee and, if the Audit Committee determines that the matter requires further investigation, it will direct the Chair of the Audit Committee to engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management and the general counsel to reach a satisfactory conclusion.

*Audit Committee Disclosure*

The Audit Committee shall prepare, review and approve any audit committee disclosures required by Applicable Requirements in the Company's disclosure documents.

*Delegation*

The Audit Committee may, to the extent permissible by Applicable Requirements, designate a sub-committee to review any matter within this mandate as the Audit Committee deems appropriate.

**5. No Rights Created**

This Mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the Audit Committee, functions. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company's Articles and By-laws, it is not intended to establish any legally binding obligations.

**6. Mandate Review**

The Committee shall review and update this Mandate annually and present it to the Board for approval.

