

BENCHMARK BOTANICS INC.
(the "Company")

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual general meeting (the "**Meeting**") of the holders of common shares of Benchmark Botanics Inc. (formerly, Kaiyue International Inc.) (the "**Company**") will be held at the office of **Blake, Cassels & Graydon LLP**, Pacific and Atlantic rooms at 595 Burrard Street, Suite 2600, Vancouver, BC V7X 1L3 on Friday, October 12, 2018 at 10:00 a.m. (Pacific Time) for the following purposes:

1. To receive the audited financial statements of the Company for the financial year ended December 31, 2017, the auditor's report thereon and the management's discussion and analysis for the financial year ended December 31, 2017;
2. To fix the number of directors for the ensuing year at five;
3. To elect directors of the Company for the ensuing year;
4. To appoint Manning Elliott LLP, Chartered Public Accountants, as auditor for the ensuing year and to authorize the directors to fix the auditor's remuneration; and
5. To transact any other business that may properly come before the Meeting and any adjournment thereof.

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

Registered Shareholders: Every registered shareholder of common shares at the close of business on the record date is entitled to receive notice of and to attend and vote such common shares at the Meeting. Registered shareholders who are unable to attend the Meeting in person and who wish to ensure that their common shares will be voted at the Meeting are requested to complete, sign and deliver the enclosed form of proxy or another suitable proxy to TSX Trust Company, Suite 301 – 100 Adelaide Street West, Toronto, Ontario M5H 4H1. In order to be valid and acted upon at the Meeting, forms of proxy must be returned to the aforesaid address not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournments thereof. Further instructions with respect to the voting by proxy are provided in the form of proxy and in the Information Circular accompanying this Notice.

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

Dated at Vancouver, British Columbia this 6th day of September, 2018.

BENCHMARK BOTANICS INC.

//Ping (Johnson) Zhang//

Ping (Johnson) Zhang
Chief Executive Officer

BENCHMARK BOTANICS INC.

MANAGEMENT INFORMATION CIRCULAR

(Containing information as at September 5, 2018 unless indicated otherwise)

This Management Information Circular (the "**Circular**") furnished in connection with the solicitation of proxies by the management of Benchmark Botanics Inc. (formerly, Kaiyue International Inc.) (the "**Company**") for use at the annual general meeting (the "**Meeting**") of its shareholders to be held on at the office of **Blake, Cassels & Graydon LLP**, Pacific and Atlantic rooms at 595 Burrard Street, Suite 2600, Vancouver BC V7X 1L3 on Friday, October 12, 2018 at 10:00 a.m. (Pacific time) and for the purposes set forth in the accompanying Notice of the Meeting.

In this Circular, references to the "**Company**", "**we**" and "**our**" refer to Benchmark Botanics Inc. and "**common shares**" means common shares without par value in the capital of the Company.

VOTING AND PROXIES

Persons Making the Solicitation

This Circular is provided to shareholders of the Company in connection with the solicitation of proxies by management of the Company for use at the Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally, by electronic communication or by telephone by the directors, officers and regular employees of the Company at nominal cost. All costs of solicitation of proxies by management will be borne by the Company.

Appointment and Revocation of Proxies

A form of proxy (the "**Proxy**") is enclosed with this Circular. If your common shares are held in physical form (i.e. paper form) and are registered in your name, then you are a registered shareholder (a "**Registered Shareholder**"). Only Registered Shareholders of the Company as of September 5, 2018 (the "**Record Date**") or their duly appointed proxyholders are permitted to vote at the Meeting. Registered Shareholders who wish to be represented by proxy at the Meeting must deliver their respective forms of Proxy to TSX Trust Company (the "**Transfer Agent**") by:

- (a) mail or by hand to 301 - 100 Adelaide Street West, Toronto, Ontario, M5H 4H1; or
- (b) facsimile to 416-595-9593.

In all cases, the Proxy must be received by the Transfer Agent at least 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or the adjournment thereof.

The persons named in the accompanying form of Proxy are officers of the Company.

Each Registered Shareholder submitting a Proxy has the right to appoint a person or company other than the persons named in the accompanying form of Proxy to represent the Registered Shareholder at the Meeting. A Registered Shareholder may exercise this right by striking out the names of the persons named in the Proxy and inserting the name of the desired representative in the blank space provided, or by completing another form of proxy, and in either case depositing the proxy with the Transfer Agent at the place and within the time specified above for the deposit of proxies. The proxyholder does not need to be a shareholder of the Company.

In addition to revocation in any other manner permitted by law, a Registered Shareholder who has given a proxy may revoke it by signing a proxy bearing a later date or by signing a valid notice of revocation, either of the foregoing to be signed by the Registered Shareholder or the Registered Shareholder's authorized attorney in writing, or, if the Registered Shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date or the notice of revocation to the Transfer Agent at the place specified above for the deposit of proxies at any time up to and including the last business day before the Meeting or

any adjournment or postponement thereof, or to the chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof.

Non-Registered Shareholders

The following information is of significant importance to shareholders who do not hold common shares registered in their own name. A significant number of our shareholders are "non-registered" shareholders ("**Non-Registered Shareholders**") because the shares they own are not registered in their names but, rather, are registered in the name of a clearing agency or the name of the brokerage firm, investment dealer, bank, trust company or other intermediary (the "**Intermediary**") through which they deal with the shares they beneficially own. Non-Registered Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders (those whose names appear on the records of the Company as the registered holders of common shares). Only Registered Shareholders as of the Record Date or their duly appointed proxyholders are permitted to vote at the Meeting. The purpose of the procedures described under this heading "Non-Registered Shareholders" is to permit Non-Registered Shareholders to direct the voting of any common shares they beneficially own.

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

In accordance with National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), we have elected to send copies of the proxy-related materials, including the Notice of Meeting, this Circular and the accompanying materials (collectively, the "**Meeting Materials**") directly to the Canadian NOBOs and indirectly through Intermediaries for onward distribution to the OBOs and NOBOs in the United States. We will also pay the fees and costs of Intermediaries for their services in delivering the Meeting Materials to OBOs in accordance with NI 54-101. Intermediaries must forward the Meeting Materials to each OBO or Non-Registered Shareholders in the United States (unless such shareholder has waived the right to receive such materials), and often use a service company (such as Broadridge Investor Communication Solutions), to permit a Non-Registered Shareholder to direct the voting of the shares held by the Intermediary on behalf of such Non-Registered Shareholder.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. In most cases, the Intermediary will provide the Non-Registered Shareholder with a voting instruction form (a "**VIF**"), which must be completed and signed by the Non-Registered Shareholder in accordance with the directions on the VIF and then returned to the Intermediary in accordance with the instructions of the Intermediary. If you receive a VIF, you cannot use it to vote common shares directly at the Meeting; the VIF must be completed and returned in accordance with the Intermediary's instructions, well in advance of the Meeting in order to have your common shares voted.

In some cases, an Intermediary will send Non-Registered Shareholders a proxy which has already been signed by the Intermediary which specifies the number of shares beneficially owned by the Non-Registered Shareholder but which otherwise is not completed. In this case, the Non-Registered Shareholder who wishes to submit a proxy should otherwise properly complete, date and return the form of proxy to the Company or the Transfer Agent as provided under the heading "Appointment and Revocation of Proxies". In all cases, Non-Registered Shareholders should carefully follow the instructions of their respective Intermediaries.

You have the right to appoint a person (who need not be a shareholder of the Company), other than the persons designated in the VIF, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the VIF.

Although as a Non-Registered Shareholder you may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of your Intermediary, you, or a person designated by you, may attend the Meeting as proxyholder for your Intermediary and vote your common shares in that

capacity. **If you wish to attend at the Meeting and indirectly vote your common shares as proxyholder for your Intermediary, or have a person designated by you do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the VIF provided to you and return it to your Intermediary in accordance with the instructions provided by such Intermediary, well in advance of the Meeting.**

Exercise of Discretion

On any ballot that may be called for at the Meeting, the persons designated by a Registered Shareholder in the accompanying form of Proxy as proxyholders will vote or withhold from voting the Registered Shareholder's shares in accordance with the instructions of the Registered Shareholders, and if the Registered Shareholder specifies a choice regarding any matter to be acted upon, the shares will be voted accordingly. If a Registered Shareholder does not provide such instructions, the common shares will be voted by the management representatives FOR the matters described in this Circular.

The persons appointed under the Proxy are given discretionary authority regarding amendments or variations of those matters specified in the Proxy and Notice of Meeting and regarding any other matters which may properly be brought before the Meeting or any adjournment or postponement thereof. If any such matters should come before the Meeting, it is the intention of the persons named in the Proxy to vote the shares in accordance with their best judgment unless the Registered Shareholder has specified to the contrary that the common shares represented by the Proxy are to be withheld from voting on such matters. As of the date this Circular, management of the Company is not aware of any such amendment, variation, or other matter.

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

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

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Our board of directors (the "**Board**") has fixed September 5, 2018 as the Record Date for determination of persons entitled to receive notice of the Meeting. Only Registered Shareholders at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the procedures described above will be entitled to vote or to have their common shares voted at the Meeting.

As at the Record Date, there were 138,847,974 common shares issued and outstanding, each carrying the right to one vote.

On a vote by a show of hands, each Registered Shareholder present in person or represented by proxy will have one vote. On a poll, each Registered Shareholder present in person or represented by proxy will have one vote for each common share registered in his, her or its name.

To the best knowledge of the Company's directors or executive officers, only the following persons or companies beneficially own, directly or indirectly, or exercise control or direction over, directly or indirectly, common shares carrying more than 10% of the voting rights attached to all outstanding common shares of the Company as of the Record Date:

Name of Shareholder	Number of Shares beneficially owned, or controlled or directed, directly or indirectly	Percentage of Issued and Outstanding Shares⁽¹⁾
Claude (Cliff) Stowell ⁽²⁾	17,085,100 ⁽³⁾	12.30%

Notes:

- (1) Based on 138,847,974 common shares issued and outstanding as of the Record Date.
- (2) Claude (Cliff) Stowell is the Chief Operating Officer and a director of the Company and President and a director of Potanicals.
- (3) Of these shares, 15,750,000 are owned by 0889204 B.C. Ltd., which is a company controlled by Mr. Stowell.

VOTES NECESSARY TO PASS RESOLUTIONS

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

SETTING NUMBER OF DIRECTORS

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

ELECTION OF DIRECTORS

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

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

Name of Nominee, Province and Country of Ordinary Residence and Positions Held with the Company	Occupation, Business or Employment	Director Since	Common Shares Beneficially Owned or Controlled
Ping (Johnson) Zhang British Columbia, Canada Chief Executive Officer and Director	Chairman and Chief Executive Officer of the Company	November 2, 2017	12,586,500 ⁽²⁾
Claude (Cliff) Stowell ⁽⁵⁾ British Columbia, Canada Chief Operating Officer and Director	Director of the Company	November 2, 2017	17,085,100 ⁽³⁾
Haifeng Liu ⁽¹⁾ British Columbia, Canada President and Director	President and Director of the Company	November 2, 2017	3,166,667 ⁽⁴⁾

Name of Nominee, Province and Country of Ordinary Residence and Positions Held with the Company	Occupation, Business or Employment	Director Since	Common Shares Beneficially Owned or Controlled
<p>George Dorin^{(1) (5)} British Columbia, Canada Director</p>	<p>President of CANUS Capital Corporation from November 2008 to present; CFO of Kaiyue International Inc. (TSXV: KYU) ("Kaiyue" and now Benchmark Botanics Inc.) from October 2012 to December 2012 and director of Kaiyue from January 2013 to January 2015; Director and Chairman of Audit Committee of the Company (CSE: BBT) from November 2017 to present; Director of Huaxing Machinery Corp. (former NEX: HUA) from June 2013 to January 2017; Director of HFX Holding Corp. (TSXV: HXC) from December 2010 to June 2014; Director of China Keli Electric Company Ltd. (formerly HSF Capital Corporation) (TSXV: ZKL) from May 2010 to present; Director of Sino Rise Group Holding Corp. (former CINS Holding Corp) (former CSE: SHD) from September 2012 to present; Director of Asia Packaging Group Inc. (TSXV: APX) from May 2012 to November 2013; CFO of Pyng Medical Corp. (TSXV: PYT) from October 2009 to April 2017; and Director of Eastern Platinum Limited (TSX: ELR) from July 2016 to present. Director of Gourmet Ocean Products Inc. from Jan 5, 2011 to present.</p>	November 2, 2017	Nil
<p>William Ying British Columbia, Canada Nominee</p>	<p>Nominee Director of the Company Investment advisor at various financial institutions including ScotiaMcLeod, Yorkton Securities, Blackmont Capital, Jordan Capital Markets and Mackie Research Capital (1996 – Present)</p>	N/A	Nil

Notes:

- (1) Denotes member of Audit Committee.
- (2) These common shares are held through, 0995406 BC Ltd., which is a private company controlled by Mr. Zhang. Of these common shares, 9,439,875 are subject to escrow.
- (3) Of these shares, 15,750,000 are owned by 0889204 B.C. Ltd., which is a company controlled by Mr. Stowell. Of the 17,085,100 total common shares held, 11,812,500 are subject to escrow.
- (4) Of these shares, 2,700,000 are owned by Jin Hao Holding Ltd., which is a company controlled by Mr. Liu. Of the total 3,166,667 common shares held, 2,025,000 are subject to escrow.
- (5) Denotes member of Compensation Committee.

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

Ping (Johnson) Zhang – Chief Executive Officer and Director

Mr. Zhang has over 20 years of management experience and over five years of experience in marijuana growing. He started his successful entrepreneurial journey by building the four-star Qing Dao Liyun Hotel in China in 1994. Under Mr. Zhang's management, the hotel generates annual revenues of up to RMB40 million (approximately C\$8 million). Mr. Zhang became actively involved in local real estate development projects in Canada starting in 1999.

Mr. Zhang obtained a Bachelor degree of Education (major in Sports Science) from Yantai Education University, Shandong, China, and a Bachelor degree of Engineering (major in Civil Engineering) from Qingdao Institute of Architecture and Engineering, Shandong, China.

Claude (Cliff) Stowell – Chief Operating Officer and Director

Mr. Stowell developed a number of enterprises and has been building on his entrepreneurial expertise for over 40 years. In Kelowna British Columbia, his residential and commercial landscape firm served some of the city's most prominent families. Building upon this experience, he assisted with the construction of the original Ponderosa Golf Course – a Peachland, British Columbia icon and regional favourite for over 30 years.

Together with his wife, he opened a Kelowna restaurant called Chianti's in 1980. In deciding to explore the tourism and hospitality industry further, they sold Chianti's and immersed themselves in the operation of the biggest live entertainment night club in Kelowna – The Casbah. Later they took that customer-centered knowledge to Hawaii to open a fully-licensed real estate office and create a multi-faceted wholesale and retail travel business, successfully negotiating contracts with major hotels, airlines, and attractions. Their proven track record and strong strategic approach attracted distinguished corporate clients such as the Chanel Corporation.

Over the years, Mr. Stowell worked in property development collaborating with the City of Kelowna and regional districts on development projects. This experience was instrumental in his success working with the Regional District of the Central Okanagan to forge ahead with an innovative cottage development. With his ability to view situations in a fresh perspective and expanding on his landscaping and property development initiatives, Mr. Stowell invented and patented StreetPrint, a unique asphalt imprinting process now found in many countries worldwide.

Since 1995, Mr. Stowell developed his Internet skills and built his self-taught acumen into a flourishing web marketing service called Home and Web along with his wife. Together they developed, maintained and marketed the Canada-wide Bed and Breakfast Guide for 11 years and other high profile sites such as KelownaAirport.com. In addition, Home and Web is known for its success in enhancing search engine optimization for many small businesses across Canada.

Haifeng Liu – President and Director

Mr. Liu has been the General Manager of Zhengzhou JinHao Mechanical Electric Co., Ltd., a Chinese company, since 2003. Mr. Liu has over 20 years of industry leadership experience and led the Linhe Winery Group's (China) strategic revival plan in 2013. As an experienced venture capital expert, he has also participated in many large enterprises' financing programs.

Mr. Liu received a diploma Majored in Business Administration from the Henan University in China in 1997, and a certification with the Venture Capital & Private Equity Investment (VC/PE) advanced seminar course at the Tsinghua University School of Continuing Education from March, 2011 to April, 2012.

George Dorin, MSc(Econ), FCSI, CPA, CA, CF – Director

Mr. Dorin has 40 years of broad-based financial experience, including over 20 years as a corporate director or CFO for several private and public companies. He holds undergraduate degrees in both Science and Accounting from the University of British Columbia, a Master's Degree in Finance from the London School of Economics in England, and the Diploma FCSI (Fellow of the Canadian Securities Institute).

As a Chartered Professional Accountant, he was also granted a CF (Corporate Finance) specialist designation from CPA Canada in 2008. He has worked in the financial services sector with Ernst & Whinney (now KPMG), Price Waterhouse, Royal Bank of Canada, and with Pemberton Securities (now RBC Dominion Securities). In 2007 and 2008 he was a Senior Vice President, Corporate Finance with Wolrige Mahon, a BC-based CPA Firm. Most recently, he has been providing corporate finance, senior financial management, and corporate director (including Chairman

and Audit Committee Chairman) services to several public companies through his personal services finance company CANUS Capital Corporation.

William Ying – Nominee Director

William brings over 20 years of experience in capital markets to the Company. Since 1996 he has served as an investment advisor at various financial institutions including ScotiaMcLeod, Yorkton Securities, Blackmont Capital, Jordan Capital Markets and Mackie Research Capital. Mr. Ying provides growth investment opportunities to accredited investors globally (institutional, corporate and individual) as well as advises growth oriented companies in capital raising, M & A, corporate development and other corporate finance activities. Mr. Ying also participates in the Mentor in Business program at Simon Fraser University (SFU Beedie School of Business) as a mentor to share his business experience with future business leaders. Mr. Ying holds a Masters Degree of Business Administration from Ivey Business School at Western University, Ontario, Canada.

Cease Trade Orders

George Dorin is a former director of Huaxing Machinery Corp ("**HUA**"), which had a cease trade order issued against it on February 26, 2015. Due to its declining financial position, HUA's subsidiary operating company in China was unable to fund HUA, a reporting issuer that traded on the TSX Venture Exchange (TSXV: HUA), and provide the ongoing regulatory and financial reporting required by the British Columbia Securities Commission. HUA was thus unable to complete an audit of its financial statements for the fiscal year ended December 31, 2014, which was to include restated financial statements for the prior year. HUA was delisted from NEX Board in May, 2016.

George Dorin is also a director of China Keli Electric Co. Ltd (TSXV: ZKL) ("**ZKL**"), which had a cease trade order issued against it by the British Columbia Securities Commission on September 8, 2014 for failure to timely file its audited consolidated financial statements for the year ended April 30, 2014. ZKL filed its audited consolidated financial statements for the year ended April 30, 2014 and the cease trade order was revoked by the British Columbia Securities Commission on July 15, 2015.

Except as disclosed above, no other proposed director of the Company is, or within the 10 years before the date of this Circular has been, a director, Chief Executive Officer ("**CEO**") or Chief Financial Officer ("**CFO**") of any company (including the Company) that:

- (a) was subject to a cease trade order or an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities laws that was in effect for a period of more than 30 consecutive days (in each case, an "**Order**"), which was issued while the proposed director was acting in the capacity as director, CEO or CFO; or
- (b) was subject to an Order that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

Bankruptcies

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

- (a) is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Penalties or Sanctions

To the best of the Company'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 shareholder in deciding whether to vote for a proposed director.

APPOINTMENT OF AUDITOR

Manning Elliott LLP, Chartered Professional Accountants, of 11th Floor, 1050 West Pender Street, Vancouver, British Columbia V6E 3S7, will be nominated at the Meeting for re-appointment as auditor of the Company with their remuneration to be fixed by the Board. Manning Elliott became our auditor on November 2, 2017 as a result of the closing of the share exchange transaction on that date, which is described in more detail under the heading "Interest Of Informed Persons In Material Transactions" in this Circular. Manning Elliott LLP replaced MNP LLP as auditor of the Company.

To be effective, the resolution to approve the appointment of the auditor must be passed by at least a majority of the votes cast at the Meeting. The persons designated in the enclosed form of Proxy, unless instructed otherwise, INTEND TO VOTE FOR the re-appointment of Manning Elliott, as auditor of the Company.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

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

The Audit Committee's Charter

The Audit Committee has a charter. A copy of the Audit Committee Charter is attached to this Circular as Schedule "A".

Composition of the Audit Committee

The members of the Audit Committee are Haifeng Liu and George Dorin. Mr. Liu is an executive officer of the Company and is not considered to be independent. Mr. Dorin is not an executive officer of the Company and, therefore, is an independent member of the Audit Committee. All members are considered to be financially literate.

William Ying, who is a nominee director at the Meeting, will fill the vacancy left by Peter Hughes as a member of the Audit Committee if he is elected at the Meeting.

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

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

Relevant Education and Experience

Haifeng Liu

For a description of Haifeng Liu's education and experience that is relevant to the performance of his responsibilities as a member of the Audit Committee, see his biographical information under the heading "Election of Directors" in this Circular.

George Dorin

For a description of George Dorin's education and experience that is relevant to the performance of his responsibilities as a member of the Audit Committee, see his biographical information under the heading "Election of Directors" in this Circular.

Each member of the Audit Committee has adequate education and experience that would provide the member with:

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

Audit Committee Oversight

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

Reliance on Certain Exemptions

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

Pre-Approval Policies and Procedures

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

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by Manning Elliott LLP, Chartered Professional Accountants, for the financial year ended December 31, 2017, to the Company to ensure auditor independence. The Audit Committee has reviewed the nature and amount of the non-audited services provided by MNP LLP, Chartered Professional Accountants, for the financial year ended December 31, 2016, to the Company to ensure auditor independence. Fees billed for audit and non-audit services in the last two fiscal years for audit fees are outlined in the following table:

Nature of Services	Fees Billed by Auditor for the Financial Year Ended December 31, 2017	Fees Billed by Auditor for the Financial Year Ended December 31, 2016
Audit Fees ⁽¹⁾	\$38,186	\$10,200
Audit-Related Fees ⁽²⁾	Nil	Nil
Tax Fees ⁽³⁾	Nil	Nil
All Other Fees ⁽⁴⁾	Nil	Nil
TOTAL:	\$38,186	\$10,200

Notes:

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

Exemption

The Company is relying upon the exemption in section 6.1 of NI 52-110 regarding the composition of our Audit Committee and its reporting obligations under NI 52-110 for the financial year ended December 31, 2017. This exemption exempts a "venture issuer" from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of that instrument, as would otherwise be required by NI 52-110.

CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. Corporate governance encourages establishing a reasonable degree of independence of the Board from executive management and the adoption of policies to ensure the Board recognizes the principles of good management. The Board is committed to sound corporate governance practices, which are in the interest of its shareholders and contribute to effective and efficient decision making.

NI 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. The Board has reviewed the Company's own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. The Board will continue to review and implement corporate governance guidelines as the business of the Company progresses and becomes more active in operations. NI 58-101 *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices in Form 58-101F2, which disclosure is set out below.

Board of Directors

The mandate of the Board is to supervise the management of the Company and to act in the best interests of the Company. The Board acts in accordance with:

- (a) the BCBCA;
- (b) the Company's articles of incorporation; and
- (c) other applicable laws and the Company policies.

The Board approves all significant decisions that affect the Company before they are implemented. The Board supervises their implementation and reviews the results.

The Board is actively involved in the Company's strategic planning process. The Board discusses and reviews all materials relating to the strategic plan with management. The Board is responsible for reviewing and approving the strategic plan. At least one Board meeting each year is devoted to discussing and considering the strategic plan, which takes into account the risks and opportunities of the business. Management must seek the Board's approval for any transaction that would have a significant impact on the strategic plan.

The Board periodically reviews the Company's business and implementation of appropriate systems to manage any associated risks, communications with investors and the financial community and the integrity of our internal control and management information systems. The Board also monitors the Company's compliance with our timely disclosure obligations and reviews material disclosure documents prior to distribution. The Board periodically discusses the systems of internal control with our external auditor.

The Board is responsible for choosing the CEO, CFO and appointing senior management and for monitoring their performance and developing descriptions of the positions for the Board, including the limits on management's responsibilities and the corporate objectives to be met by the management.

The Board approves all the Company's major communications, including annual and quarterly reports, financing documents and press releases. The Board approves the Company's communication policy that covers the accurate and timely communication of all important information. It is reviewed annually. This policy includes procedures for communicating with analysts by conference calls.

The Board is responsible for determining whether or not each director is an independent director. Directors who also act as officers of the Company are not considered independent. Directors who do not also act as officers of the Company, do not work in the Company's day-to-day operations, are not party to any material contracts with the Company, or receive any fees from the Company are considered by the Board to be independent.

The Board consists of four directors, Ping (Johnson) Zhang, Claude (Cliff) Stowell, Haifeng Liu and George Dorin. Mr. Dorin is independent based upon the tests for independence set forth in NI 52-110. Mr. Zhang is not independent as he is the Company's CEO. Mr. Stowell is not independent as he is the Company's Chief Operating Officer. Mr. Liu is not independent as he is the Company's President. Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

Directorships

The following table sets out the proposed directors, officers and promoters of the Company that are, or have been within the last five years, directors, officers or promoters of other reporting issuers as at September 5, 2018:

Name of Director, Officer or Promoter	Name of Reporting Issuer	Name of Exchange or Market	Position	Term From – To
George Dorin	China Keli Electric Company Ltd. (formerly HSF Capital Corporation)	TSXV ⁽¹⁾	Director	May 2010 to present
	Benchmark Botanics Inc.	CSE ⁽³⁾	Director	November 2017 to present
	Eastern Platinum Limited	TSX ⁽²⁾	Director	July 2016 to present
	Kaiyue International Inc.	TSXV ⁽¹⁾	CFO	October 2012 to December 2012
			Director	January 2013 to January 2015
	Sino Rise Group Holding Corp. (former CINS Holding Corp.)	CSE ⁽³⁾	Director	September 2012 to present
	HFX Holding Corp.	TSXV ⁽¹⁾	Director	December 2010 to June 2014
	Huaxing Machinery Corp. ⁽⁶⁾	NEX ⁽⁴⁾	Director	June 2013 to January 2017
	Gourmet Ocean Products Inc.	TSXV ⁽¹⁾	Director	Jan 5, 2011 to present
Asia Packaging Group Inc.	TSXV ⁽¹⁾	Director	May 2012 to November 2013	
Jin Kuang	Axmin Inc.	TSXV ⁽¹⁾	CFO	October 2013 to present
	Gourmet Ocean Products Inc.	TSXV ⁽¹⁾	CFO	February 2014 to present
	Yongsheng Capital Inc.	TSXV ⁽¹⁾	CFO and Director	November 2011 to present
	Sunshine Agri-tech Inc.	TSXV ⁽¹⁾	CFO	December 2009 to September 30, 2017

Notes:

- (1) The TSX Venture Exchange.
- (2) The Toronto Stock Exchange.
- (3) The Canadian Securities Exchange.
- (4) The NEX is a separate board of the TSX Venture Exchange.
- (5) Huaxing Machinery Corp. was delisted from NEX in May, 2016.

Orientation and Continuing Education

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

The Board briefs all new directors regarding the Board's policies and other relevant corporate and business information. New Board members are also provided with access to all of the Company's publicly filed documents, the Company's records, and our management and professional advisors, including our auditor and legal counsel.

The Board also ensures that each director is up-to-date with current information regarding the Company's business, the role the director is expected to fulfill, and basic procedures and operations of the Board. Board members are encouraged to communicate with management and our auditor.

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 Company's best interests.

Under the applicable corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. A director is also required to disclose to the Board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to his or her remuneration as a director, officer, employee or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction must be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

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 time required, shown support for our mission and strategic objectives, and a willingness to serve.

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

Compensation

The Board conducts reviews with regard to directors' compensation once a year. To make its recommendation on directors' compensation, the Board takes into account the types of compensation and the amounts paid to directors of comparable publicly traded Canadian companies and aligns the interests of directors with the return to shareholders. Compensation packages, including benefits, for executives and key managers will be developed based on performance and the Company's cash flow.

The Board decides the compensation of our officers, based on industry standards and the Company's financial situation.

Other Board Committees

The Company has established two committees presently, being the Audit Committee and the Compensation Committee.

Assessments

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

STATEMENT OF EXECUTIVE COMPENSATION

The Company is a venture issuer and is disclosing its executive compensation in accordance with Form 51-102F6V.

The following persons are considered the "Named Executive Officers" or "NEOs" for the purposes of this disclosure:

- (a) the Company's CEO;
- (b) the Company's CFO;
- (c) each of the Company's most highly compensated executive officers, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V, for the year ended December 31, 2017; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact the individual was neither an executive officer, nor acting in a similar capacity at December 31, 2017.

Director and Named Executive Officer Compensation, excluding Compensation Securities

The following table provides a summary of compensation paid or accrued, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company to each Named Executive Office and director of the Company during the Company's two most recent financial years ended December 31, 2017 and 2016.

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Hilda Sung <i>Former President, CEO and director⁽¹⁾</i>	2017	45,000	Nil	Nil	Nil	90,000	135,000
	2016	60,000	Nil	Nil	Nil	Nil	60,000
Jin Kuang <i>Former CFO, current interim CFO and Corporate Secretary⁽²⁾</i>	2017	41,000	Nil	Nil	Nil	30,000	71,000
	2016	30,000	Nil	Nil	Nil	Nil	30,000
Yingting (Tony) Guo <i>Former Director⁽³⁾</i>	2017	2,475	Nil	Nil	Nil	Nil	2,750
	2016	3,300	Nil	Nil	Nil	Nil	3,300
Alex Ku <i>Director⁽⁴⁾</i>	2017	5,042	Nil	Nil	Nil	Nil	5,042
	2016	5,500	Nil	Nil	Nil	Nil	5,500

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Ping (Johnson) Zhang <i>CEO and Director</i> ⁽⁵⁾	2017	67,500	Nil	Nil	Nil	Nil	67,500
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Claude (Cliff) Stowell <i>Director</i> ⁽⁶⁾	2017	59,750	Nil	Nil	Nil	Nil	59,750
	2016	36,000	Nil	Nil	Nil	Nil	36,000
Haifeng Liu <i>Former VP, President and Director</i> ⁽⁷⁾⁽¹¹⁾	2017	25,000	263,500	Nil	Nil	Nil	288,500
	2016	Nil	Nil	Nil	Nil	Nil	Nil
George Dorin <i>Director</i> ⁽⁸⁾	2017	3,583	Nil	Nil	Nil	Nil	3,583
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Richard Lee <i>Former CFO</i> ⁽⁹⁾	2017	6,000	Nil	Nil	Nil	Nil	6,000
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Peter Hughes <i>Former Director</i> ⁽¹⁰⁾	2017	3,417	Nil	Nil	Nil	Nil	3,417
	2016	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Ms. Sung resigned as President, CEO and a director of the Company on November 2, 2017.
- (2) Ms. Kuang resigned as CFO and Corporate Secretary of the Company on November 2, 2017, and was appointed as an interim CFO on June 8, 2018.
- (3) Mr. Guo resigned as a director of the Company on November 2, 2017.
- (4) Mr. Guo resigned as a director of the Company on November 2, 2017.
- (5) Mr. Zhang was appointed CEO and a director of the Company on November 2, 2017.
- (6) Mr. Stowell was appointed as Chief Operating Officer ("COO") and a director of the Company on November 2, 2017. Mr. Stowell was resigned as COO on April 26, 2018.
- (7) Mr. Liu was appointed as a Vice President and a director of the Company on November 2, 2017. He resigned as the Vice President and was appointed as the President of the Company on April 26, 2018.
- (8) Mr. Dorin was appointed a director of the Company on November 2, 2017.
- (9) Mr. Lee was appointed CFO of the Company on November 2, 2017 and resigned on June 8, 2018. Jin Kuang is acting as the Interim CFO.
- (10) Mr. Hughes was appointed a director of the Company on November 2, 2017 and resigned on July 30, 2018.
- (11) During fiscal year ended December 31, 2017, the Company paid a fee of \$263,500 to Mr. Liu as a bonus for assisting the Company with raise capital, corporate restructuring and examining new business possibilities.

Stock Options and Other Compensation Securities

The following table provides a summary of stock options granted by the Company to NEOs and directors during the financial year ended December 31, 2017.

Compensation Securities							
Name and position	Type of compensati on security	Number of compensation securities, number of underlying securities, and percentage of class ⁽¹⁾	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Ping Zhang <i>CEO and Director</i>	Stock option	1,600,000	November 7, 2017	0.20	Note (1)	1.05	November 6, 2022
Claude (Cliff) Stowell <i>Director and CEO of Potanicals</i>	Stock option	1,500,000	November 7, 2017	0.20	Note (1)	1.05	November 6, 2022
Haifeng Liu <i>President and Director</i>	Stock option	1,400,000	November 7, 2017	0.20	Note (1)	1.05	November 6, 2022
George Dorin <i>Director</i>	Stock option	600,000	November 7, 2017	0.20	Note (1)	1.05	November 6, 2022
Doug Turner <i>Director of Potanicals</i>	Stock option	600,000	November 7, 2017	0.20	Note (1)	1.05	November 6, 2022
Jin Kuang <i>Interim CFO and Corporate Secretary</i>	Stock option	600,000	November 7, 2017	0.20	Note (1)	1.05	November 6, 2022
Richard Lee <i>Former CFO</i>	Stock option	600,000	November 7, 2017	0.20	Note (1)	1.05	November 6, 2022
Peter Hughes <i>Former Director</i>	Stock option	600,000	November 7, 2017	0.20	Note (1)	1.05	November 6, 2022

Notes:

- (1) The Company's shares did not trade on the date of grant of the stock options and the last closing price of the shares was \$0.05 in May 2017.
- (2) The total amount of compensation securities, and underlying securities, held by each NEO and director on the last day of the most recently completed financial year end is the same amount as stated in the above table.
- (3) All of the above stock options will vest over a two year period, with 1/3 of the options having vested immediately on the date of grant; 1/3 will vest one year after the date of grant; and the final 1/3 will vest two years after the date of grant, such that all of the stock options will have fully vested on November 6, 2019.

Exercise of Compensation Securities by Directors and NEOS							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of Exercise	Closing price of security or underlying security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Ping Zhang <i>CEO and Director</i>	Stock option	Nil	Nil	Nil	Nil	Nil	Nil
Claude (Cliff) Stowell <i>Director and CEO of Potanicals</i>	Stock option	Nil	Nil	Nil	Nil	Nil	Nil
Haifeng Liu <i>President and Director</i>	Stock option	Nil	Nil	Nil	Nil	Nil	Nil
George Dorin <i>Director</i>	Stock option	Nil	Nil	Nil	Nil	Nil	Nil
Doug Turner <i>Director of Potanicals</i>	Stock option	Nil	Nil	Nil	Nil	Nil	Nil
Jin Kuang <i>Interim CFO and Corporate Secretary</i>	Stock option	23,614	0.275	December 24, 2017	1.19	0.915	28,100
Richard Lee <i>Former CFO</i>	Stock option	Nil	Nil	Nil	Nil	Nil	Nil
Peter Hughes <i>Former Director</i>	Stock option	Nil	Nil	Nil	Nil	Nil	Nil

Stock Option Plan

The only equity compensation plan which the Company has in place is the stock option plan (the "**Plan**"), which was previously approved by the Board and our shareholders of the Company. The Plan was established to provide incentive to directors, officers, employees and consultants to increase their proprietary interest in the Company and thereby encourage them to advance the interests of the Company and continue their association with the Company. The Plan is administered by the Board and options are granted at the discretion of the Board to eligible participants (a "**Participant**").

The Plan is a 10% maximum rolling plan. As a 10% rolling plan the total number of common shares issuable as options under the Plan may be up to 10% of the Company's issued and outstanding common shares on the date on

which an option is granted, less common shares reserved for issuance on exercise of options then outstanding under the Plan.

To be eligible to receive a grant of options under the Plan, a Participant must be either a director, officer, employee, consultant of the Company or a subsidiary, or an employee of a person or company which provides management services to the Company or a subsidiary (a "**Management Company Employee**"), at the time the option is granted.

The Plan is subject to the following restrictions:

- (a) The total number of common shares reserved for issuance under options granted to Insiders (defined below) cannot exceed 10% of the issued and outstanding shares, unless the Company has obtained Disinterested Shareholder Approval (defined below).
- (b) The number of options granted to Insiders in any 12-month period must not exceed 10% of the issued and outstanding shares, unless the Company has obtained Disinterested Shareholder Approval.
- (c) The number of options granted to any one Participant in any 12-month period cannot exceed 5% of the issued and outstanding common shares of the Company, unless the Company has obtained Disinterested Shareholder Approval.
- (d) The issuance to any one Participant within any 12-month period of a number of common shares must not exceed 5% of issued and outstanding shares, unless the Company has obtained Disinterested Shareholder Approval.
- (e) The exercise price of an option previously granted to an Insider cannot be reduced, unless the Company has obtained Disinterested Shareholder Approval.
- (f) The number of options granted to any one consultant in any 12-month period cannot exceed 2% of the issued and outstanding shares calculated at the date of the grant of the option.
- (g) The total number of options granted to Participants conducting investor relations activities in any 12-month period cannot exceed 2% of the issued and outstanding shares calculated at the date of the grant.
- (h) Options granted to Participants conducting investor relations activities will vest in stages over 12 months with no more than $\frac{1}{4}$ of the options vesting in any three month period.

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

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

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

- (a) All options granted under the Plan expire on a date not later than 10 years after the grant date of such options.
- (b) If a Participant ceases to be a director, officer, consultant, employee of the Company or its subsidiaries, or ceases to be a Management Company Employee, for any reason (other than death), such Option may exercise his or her stock option to the extent that the Participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days after the Participant ceases to be a director, officer, consultant, employee or a Management Company Employee, unless such Participant was engaged in investor relations activities, in which case such exercise must occur within 30 days after the cessation of the Participant's services to the Company.
- (c) If a Participant dies, the option previously granted to him or her will be exercisable only within one year after such death and then only:

- (i) by the person or persons to whom the Participant's rights under the option pass by the Participant's will or the laws of descent and distribution; and
 - (ii) if and to the extent that such Participant was entitled to exercise the option at the date of his or her death.
- (d) The exercise price of each option will be set by the Board on the effective date of the option and will not be less than the Discounted Market Price (as defined in the Plan).
- (e) Vesting of options are at the discretion of the Board.

As at the date of this Circular, there are stock options outstanding to purchase up to a total 1,400,000 common shares at an exercise price of \$0.45 per share exercisable on or before February 28, 2023.

Exercise of Compensation Securities by Directors and NEOs

During the financial year ending December 31, 2017, Yingting Guo, a former director, exercised 23,614 stock options and Jin Kuang, the former CFO, also exercised 23,614 stock options of the Company at an exercise price of \$0.275. Except as set forth above, none of the other Named Executive Officers or directors exercised any stock options during the financial year ending December 31, 2017.

Employment, Consulting and Management Agreements

Effective May 15, 2013, the Company entered into a consulting agreement, as amended, with Hilda Sung, former President, CEO and a director of the Company, whereby Ms. Sung agreed to provide services as the CEO of the Company for a salary of \$60,000 per year. On closing of the transaction described under the heading "*Interest Of Informed Persons In Material Transactions*" in this Circular, the consulting agreement was terminated and the Company paid Ms. Sung a termination payment of \$90,000.

Effective May 15, 2013, the Company entered into a consulting agreement with Conscientia Consulting Inc., a private company wholly owned by Jin Kuang, former CFO and Corporate Secretary of the Company, whereby Ms. Kuang agreed to provide services as the CFO of the Company for a salary of \$2,500 per month. On closing of the transaction described under the heading "*Interest Of Informed Persons In Material Transactions*" in this Circular, the consulting agreement was terminated and the Company paid Conscientia Consulting Inc. a termination payment of \$30,000. Effective November 2, 2017, the Company engaged Ms. Kuang as an employee for a monthly salary of \$8,000.

Effective November 14, 2017, the Company entered into a consulting agreement with 0995406 B.C. LTD., a private company wholly owned by Johnson (Ping) Zhang, the CEO and a director of the Company, whereby Mr. Zhang agreed to provide services as the CEO of the Company for an all-inclusive consulting fee of \$15,000 per month.

Effective November 14, 2017, the Company entered into a consulting agreement with 0889204 B.C. Ltd., a private company wholly owned by Claude (Cliff) Stowell, a director of the Company and the CEO of Potanicals, and his wife, whereby Mr. Stowell agreed to provide services as the CEO of Potanicals for all-inclusive consulting fee of \$12,500 per month.

Effective November 14, 2017, the Company entered into a consulting agreement with Jin Hao Holding Ltd., a private company wholly owned by Haifeng Liu, a director and the President of the Company, whereby Mr. Liu agreed to provide services as the Vice President (and now President) for all-inclusive consulting fee of \$10,000 per month.

Effective November 14, 2017, the Company entered into a consulting agreement with Richard Lee, the former CFO of the Company, whereby Mr. Lee agreed to provide services as the CFO for all-inclusive consulting fee of \$3,000 per month. Mr. Lee resigned as the CFO of the Company on June 8, 2018.

Oversight and Description of Director and Named Executive Officer Compensation

The Board is responsible for determining, by way of discussions at board meetings, the compensation to be paid to the NEOs and directors of the Company.

Director compensation

Other than as set forth in the foregoing, no director of the Company who is not a Named Executive Officer has received, during the most recently completed financial year, compensation pursuant to:

- (a) any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments;
- (b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as directors; or
- (c) any arrangement for the compensation of directors for services as consultants or expert.

Named Executive Officer Compensation

At this time we don't have a formal compensation program with specific performance goals; however, the performance of each NEO is considered along with our ability to pay compensation and the Company's results of operation for the period.

Compensation is designed to achieve the following key objectives:

- to support our overall business strategy and objectives;
- to provide market competitive compensation that is substantially performance-based;
- to provide incentives that encourage superior corporate performance and retention of highly skilled and talented NEOs; and
- to align executive compensation with corporate performance and therefore shareholders' interests.

Our compensation package is comprised of a base salary or service fees and option-based awards.

We don't have a formal compensation program which sets benchmarks for performance by NEOs.

The Board has not directly considered the implications of the risks associated with our compensation policies and practices.

We don't have a set policy preventing an NEO or director from purchasing financing instruments such as prepaid variable forward contracts, equity swaps, collars or units of exchange funds designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by such person.

Pension Disclosure

We don't have any form of pension plan that provides for payments or benefits to the NEO at, following, or in connection with retirement. We don't have any form of deferred compensation plan.

Termination and Change of Control Benefits

We don't have any plan contract, agreement or plan or arrangement that provides for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, a change in control of the Company or a change in the NEO's responsibilities.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out equity compensation plan information required to be disclosed by Form 52-102F5 – "Information Circular" as at the end of the Company's financial year ended December 31, 2017.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights as at December 31, 2017	Weighted-average exercise price of outstanding options, warrants and rights as at December 31, 2017 (\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by security holders	8,747,227	0.20	4,976,181
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	8,747,227	0.20	4,976,181

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

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

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as described below, to the knowledge of our management, no informed person (a director, officer or holder of 10% or more of the common shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries since January 1, 2017 (being the commencement of the Company's last completed financial year), or has any interest in any material transaction in the current year.

Transaction to Acquire Potanicals

On September 14, 2017, the Company entered into a Share Exchange Agreement, as amended, with Potanicals Green Growers Inc. ("**Potanicals**") and the shareholders of Potanicals ("**Potanicals Shareholders**") related to the acquisition of all of the issued and outstanding common shares of Potanicals ("**Potanicals Shares**"), which was then a private company based in Peachland, British Columbia, in exchange for the issuance of common shares of the Company to the Potanicals Shareholders (the "**Transaction**"). Effective November 2, 2017, the Transaction was completed and all Potanicals Shareholders exchanged their Potanicals Shares for a total of 124,186,752 common shares of the Company on the basis of four and a half (4.5) common shares of the Company for every one (1) Potanicals Share. The Transaction constituted a reverse takeover of the Company, as such term is used in applicable securities laws, and as a result of the Transaction, Potanicals became the 100% wholly-owned subsidiary of the Company and the business of Potanicals became the business of the Company.

The following informed persons were Potanicals Shareholders and received common shares of the Company pursuant to the Transaction.

Name	Number of Common Shares Received in the Transaction	Percentage of Outstanding Common Shares on Closing of the Transaction
0995406 B.C. Ltd.	12,586,500 ⁽¹⁾	10.14%
0889204 B.C. Ltd.	15,750,000 ⁽²⁾	11.74%
Jin Hao Holding Ltd.	2,700,000 ⁽³⁾	2.01%
Peachland Investments Ltd.	2,137,500 ⁽⁴⁾	1.59%
Total	33,174,000	

Notes:

- (1) Ping (Johnson) Zhang, CEO and a director of the Company, is the beneficial owner of these common shares.
- (2) Claude (Cliff) Stowell, Chief Operating Officer and a director of the Company and President and a director of Potanicals, is the beneficial owner of these common shares.
- (3) Haifeng Liu, director of the Corporation, is the beneficial owner of these common shares.
- (4) Douglas Turner, Secretary and a director of Potanicals, is the beneficial owner of these common shares.

All of the 33,174,000 common shares issued to the informed persons were deposited into escrow with TSX Trust pursuant to an escrow agreements dated November 2, 2017 and December 15, 2017. Of the total shares, 10% were released from escrow on the date of issuance of the shares, 15% of the original number of escrow shares was released six months after the date of listing of the Company's common shares on the Exchange, and an additional 15% will be released on each date is 12, 18, 24, 30 and 36 months after the listing date. As of the date of this Circular, there are a total 27,130,500 common shares remaining in escrow.

For more information regarding the Transaction and the escrow restrictions, see the Company's Listing Statement dated November 2, 2017 filed on the website of the Exchange at www.thecse.com.

Land Purchase from Turner, Director of Potanicals

On Dec. 15, 2017, Potanicals completed the purchase of a 10-acre land parcel (the "**Turner Property**") that comprises 50% of the total 20 acres of land on which our medical marijuana production facility located in Peachland, B.C. was built. The vendor of the Turner Property was Douglas Turner, who is a director and the Secretary of the purchaser Potanicals. Of the total purchase price of \$825,000 for the Turner Property, \$225,000 was paid by Potanicals by the issuance to Mr. Turner of 450,000 shares of Potanicals at a deemed price of \$0.50 per share on November 9, 2016. Potanicals and Mr. Turner had agreed that the balance of \$600,000 of the purchase price would be paid by way of common shares of Potanicals at \$0.90 per share closing of the Transaction, or of common shares of the Company at the corresponding price per share of the Company. As Potanicals underwent a 4.5:1 stock split before the reverse takeover, the corresponding price for common shares of the Company equals \$0.20 per share. Accordingly, the remaining \$600,000 balance of the purchase price was satisfied by the issuance of 3,000,000 common shares of the Company at a price of \$0.20 per share. Mr. Turner also deposited the shares into escrow with the Company's transfer agent, which will be held in escrow pursuant to the policies of the Exchange and applicable securities laws and released on the same terms as the existing escrowed shares of Benchmark held by related persons of the Company.

For more information regarding the purchase of the Stowell Property, see the Company's news release of December 18, 2017 filed on SEDAR under the Company's profile at www.sedar.com and the Company's Listing Statement dated November 2, 2017 filed on the website of the Exchange at www.thecse.com on the website of the Exchange.

Land Purchase from Stowell, Chief Operating Officer and Director

On December 22, 2017, Potanicals completed the purchase of the other 10-acre land parcel (the "**Stowell Property**") that comprises 50% of the total 20 acres of land on which the Company's facility was built. The vendor of the Stowell Property was Claude (Cliff) Stowell, who is the Chief Operating Officer and a director of the Company and also the President and a director of Potanicals. The Stowell Property is contiguous to the Company's property that together

comprises 20 acres of land on which the Company's facility is located. The purchase price of \$1,000,000 was paid in cash. Prior closing of the land purchase, Mr Stowell had leased the Stowell Property to Potanicals, and Potanicals was given a right of first refusal to purchase the Stowell Property.

For more information regarding the purchase of the Stowell Property, see the Company's news release of December 22, 2017 filed on SEDAR under the Company's profile at www.sedar.com and the Company's Listing Statement dated November 2, 2017 filed on the website of the Exchange at www.thecse.com on the website of the Exchange.

MANAGEMENT CONTRACTS

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

ADDITIONAL INFORMATION

Financial information is provided in the Company's audited financial statements for the financial year ended December 31, 2017 and in the related management discussion and analysis (the "MD&A "). The audited financial statements and MD&A were filed on SEDAR on April 30, 2018 at www.sedar.com and will be placed before the Meeting.

Additional information relating to the Company and a copy of the Financial Statements may be obtained at www.sedar.com, and upon request from the Company's registered and records office at Suite 280 – 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7, telephone: (604) 899-0106 or fax: (604) 684-5973. Copies of the above documents will be provided, upon request, free of charge to security holders of the Company. The Company may require the payment of a reasonable charge from any person or company who is not a security holder of the Company, who requests a copy of any such document.

OTHER MATTERS

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

SCHEDULE "A"

BENCHMARK (the "Company")

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.