

LYNNWOOD CAPITAL INC.

Annual & Special Meeting of Shareholders

August 23, 2012

NOTICE OF MEETING AND INFORMATION CIRCULAR

LYNNWOOD CAPITAL INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting (the “**Meeting**”) of Shareholders of Lynnwood Capital Inc. (the “**Corporation**”) will be held at the offices of Garfinkle Biderman LLP at 801 – 1 Adelaide Street East, Toronto, Ontario, M5C 2V9, on Thursday, the 23rd day of August, 2012, at the hour of 10:00 a.m. (Toronto time) for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended February 29, 2012, together with the report of the auditors thereon;
2. to elect three (3) directors for the ensuing year;
3. to appoint auditors of the Corporation for the ensuing year and authorize the directors to fix their remuneration;
4. to consider, and if thought appropriate, to pass, with or without variation, an ordinary resolution (the text of which is disclosed in Section 8(iv) of the accompanying management information circular of the Corporation dated July 25, 2012 (the “**Circular**”)) approving the 2010 Option Plan (as such term is defined in the Circular) as the stock option plan of the Corporation, as more particularly described in the Circular;
5. to consider, and if thought appropriate, to pass, with or without variation, an ordinary resolution (the text of which is disclosed in Section 8(v) of the Circular) approving the cancellation of certain "seed shares" of the Corporation, as more particularly described in the Circular;
6. to consider, and if thought appropriate, to pass, with or without variation, an ordinary resolution (the text of which is disclosed in Section 8(vi) of the Circular) approving the transfer of the common shares of the Corporation to the NEX trading board of the TSX Venture Exchange, as more particularly described in the Circular;
7. to consider, and if thought appropriate, to pass, with or without variation, an ordinary resolution (the text of which is disclosed in Section 8(vii) of the Circular) approving the consolidation of the common shares of the Corporation, as more particularly described in the Circular; and
8. to transact such further or other business as may properly come before the said meeting or any adjournment or adjournments thereof.

A copy of the Circular, a form of proxy, financial statement request form and a return envelope accompany this Notice of Meeting. A copy of the audited financial statements of the Corporation for the year ended February 29, 2012, together with the report of the auditors thereon, and accompanying management discussion and analysis, also accompany this Notice of Meeting and will be available for review at the Meeting and are available to the public on the SEDAR website at www.sedar.com.

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting is July 20, 2012 (the “**Record Date**”). Shareholders of the Corporation whose names have been entered on the register of shareholders at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting.

A shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, the enclosed proxy must be mailed so as to reach or be deposited with Computershare Investor Services Inc., 100 University Avenue, 9th floor, Toronto, Ontario, M5J 2Y1, facsimile: (416) 263-9524, not later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the time set for the Meeting or any adjournment thereof.

The instrument appointing a proxy must be in writing and must be executed by the shareholder or his or her attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized.

The individuals named in the enclosed form of proxy are directors and/or officers of the Corporation. Each shareholder has the right to appoint a proxyholder other than such individuals, who need not be a shareholder, to attend and to act for such shareholder and on such shareholder’s behalf at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder’s appointee should be legibly printed in the blank space provided.

DATED this 25th day of July, 2012.

BY ORDER OF THE BOARD

(signed) “Robert Lipsett”
Chief Executive Officer

INFORMATION CIRCULAR
FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF
LYNNWOOD CAPITAL INC.

(this information is given as of July 25, 2012)

1. SOLICITATION OF PROXIES

This Information Circular is provided in connection with the solicitation of proxies by the management of Lynnwood Capital Inc. (the "Corporation") for use at the Annual and Special Meeting of the Shareholders of the Corporation (the "Meeting"), to be held on August 23, 2012, at the place and time and for the purposes set forth in the Notice of Annual and Special Meeting of Shareholders (the "Notice of Meeting") and at any adjournment thereof. This solicitation is being made primarily by mail, but proxies may also be solicited by directors, officers or employees of the Corporation. The cost of the solicitation of proxies will be borne by the Corporation.

2. APPOINTMENT OF PROXYHOLDERS

The persons named in the enclosed form of proxy are directors and officers of the Corporation. **A shareholder has the right to appoint a person other than the persons named in the enclosed forms of proxy to attend and vote for him or her at the Meeting.** In order to do so, the shareholder may cross out the names printed in these forms of proxy and insert such person's name in the blank space provided thereon or complete another form of proxy. In either case, the duly completed forms of proxy must be delivered to the Corporation, c/o Computershare Investor Services Inc., 100 University Avenue, 9th floor, Toronto, Ontario, M5J 2Y1, facsimile: (416) 263-9524, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the commencement of the Meeting or any adjournment thereof or the Secretary of the Meeting, on the day of the Meeting or any adjournment thereof. It is not necessary to be a shareholder in order to act as a proxy.

3. REVOCATION OF PROXIES

A shareholder may revoke his proxy at any time, relating to any question for which the voting right granted by the proxy has not yet been exercised, by instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized. Such revocation must be deposited with the Corporation, c/o Computershare Investor Services Inc., 100 University Avenue, 9th floor, Toronto, Ontario, M5J 2Y1, facsimile: (416) 263-9524, at any time up to an including the day preceding the day of the Meeting, or with the Chairman or Secretary of the Meeting on the day of the Meeting, or in any other manner permitted by law.

4. EXERCISE OF PROXY

The voting rights attached to the common shares in the capital of the Corporation (the "Common Shares") represented by proxies will be voted or withheld from voting in accordance with the instructions indicated therein. **If no instructions are given, the voting rights attached to said Common Shares will be exercised by those persons designated in the form of proxy and will be voted IN FAVOUR of all the matters described therein.**

The enclosed form of proxy confers discretionary voting authority upon the persons named therein with respect to amendments to matters identified in the Notice of Meeting, and with respect to such matters as may properly come before the Meeting. As of the date hereof, management of the Corporation knows of no such amendments or other matters to come before the Meeting.

5. NON-REGISTERED HOLDERS

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Shareholders who do not hold their Common Shares in their own name (the "Beneficial Shareholders") are advised that only proxies from shareholders of record can be recognized and voted at the Meeting. Beneficial Shareholders who complete and return an instrument of proxy must indicate thereon the person (usually a brokerage house) who holds their Common Shares as a registered shareholder. Every intermediary (broker) has its own mailing procedure, and provides its own return instructions, which should be carefully followed. The instrument of proxy supplied to Beneficial Shareholders is identical to that provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder.

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in such shareholder's name on the record of the Corporation. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of

such Common Shares are registered under the name of CDS & Co. (the registration name for the Canadian Depository for Securities, which company acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting shares for their clients. The directors and officers of the Corporation do not know for whose benefit the shares registered in the name of CDS & Co. are held.

Under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, brokers and other intermediaries are required to request voting instructions from Beneficial Shareholders prior to shareholder meetings. Brokers and other intermediaries have their own procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. In Canada, most brokers now delegate the responsibility of obtaining their clients’ instructions to Broadridge Investor Communications Inc. (“**BIC**”). Beneficial Shareholders who receive a voting instruction form from BIC may not use the said form to vote directly at the Meeting. If you have questions on how to exercise voting rights attached to shares held through a broker or other intermediary, please contact the broker or intermediary directly.

Although a Beneficial Shareholder will not be recognized at the Meeting for the purposes of directly exercising voting rights attached to shares registered in the name of his broker (or a representative thereof), he may attend the Meeting as proxy of the registered shareholder and, as such, exercise the voting rights attached to such shares.

Unless otherwise indicated in this Information Circular and in the form of proxy and Notice of Meeting attached hereto, shareholders shall mean registered shareholders.

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

Except as described elsewhere in this Information Circular, management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of (a) any director or executive officer of the Corporation, (b) any proposed nominee for election as a director of the Corporation, and (c) any associates or affiliates of any of the persons or companies listed in (a) and (b), in any matter to be acted on at the Meeting.

7. VOTING SECURITIES AND PRINCIPAL HOLDERS

As at the date hereof, the Corporation had 9,250,000 Common Shares outstanding, representing the Corporation’s only securities with respect to which a voting right may be exercised at the Meeting. Each Common Share carry's the right to one vote at the Meeting. A quorum for the transaction of business at the Meeting is two shareholders, or one or more proxyholders representing two shareholders, or one shareholder and a proxyholder representing another shareholder, holding or representing not less than five percent (5%) of the issued and outstanding Common Shares enjoying voting rights at the Meeting.

The record date to determine the shareholders’ eligibility to receive the Notice of Meeting and vote at the Meeting was fixed at July 20, 2012 (the “**Record Date**”).

To the knowledge of the directors and senior officers of the Corporation as at the date hereof, based on information provided on the System for Disclosure by Insiders (SEDI) and on information filed by third parties on the System for Electronic Document Analysis and Retrieval (SEDAR), no person or corporation beneficially owned, directly or indirectly, or exercised control or discretion over, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation, other then the following:

Name	Number of Common Shares	Percentage of Common Shares
Yewbrook Capital Inc., Vancouver, BC ⁽¹⁾	6,000,000	65%

Notes:

(1) Yewbrook Capital Inc. is a corporation wholly owned and controlled by Greg Hryhorchuk, Carl Pescio, Janet Pescio and Robert Lipsett. In addition, Mr. Lipsett and Mr. Hryhorchuk each directly hold 100,000 common shares of the Corporation.

8. BUSINESS OF THE MEETING

To the knowledge of the directors of the Corporation, the only matters to be brought before the Meeting are those set forth in the accompanying Notice of Meeting.

(i) **Financial Statements**

Pursuant to the *Business Corporations Act* (British Columbia), the directors of the Corporation will place before the shareholders at the Meeting the audited financial statements of the Corporation for the year ended February 29, 2012, accompanying this Information Circular. Shareholder approval is not required in relation to the audited financial statements.

(ii) **Election of Directors**

The board of directors of the Corporation consisted of four directors until the resignation of Greg Hryhorchuk on April 20, 2012. Accordingly, the board of directors of the Corporation presently consists of three directors, each of whom management propose to nominate for re-election at the Meeting until the next annual meeting. All of the current directors have been directors since the dates indicated below and all will be standing for re-election. The board of directors recommends that shareholders vote **FOR** the election of the three nominees of management listed in the following table.

Each director will hold office until his reelection or replacement at the next annual meeting of the shareholders unless he resigns his duties or his office becomes vacant following his, dismissal or any other cause prior to such meeting.

Unless otherwise instructed, proxies and voting instructions given pursuant to this solicitation by the management of the Corporation will be voted for the election of the proposed nominees. **If any proposed nominee is unable to serve as a director, the individuals named in the enclosed form of proxy reserve the right to nominate and vote for another nominee in their discretion.**

Nominees to the Board of Directors

Name, Residence and Position with Corporation	Principal Occupation or Employment ⁽¹⁾	Served as Director Since	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Controlled or Directed ⁽¹⁾
Robert Lipsett Vancouver, BC Director, President and CEO	Mr. Lipsett is the President and Chief Executive Officer of the Corporation.	Sep 28, 2009	100,000 ⁽³⁾⁽⁴⁾
Carl Pescio ⁽²⁾ Elko, Nevada Director	Mr. Pescio has been a director of Allied Nevada Gold Corp. from March 2007 until present and of Angus Mining (Namibia) Inc. from September 2010 until present.	Sep 28, 2009	Nil ⁽³⁾⁽⁴⁾
George Brazier ⁽²⁾ West Vancouver, BC Director	Mr. Brazier has been a director and chairman of Monument Mining Limited since December 2008. He is also the corporate secretary of Western Pacific Trust Company. Prior to his retirement in 2008, Mr. Brazier practiced law for 42 years, the last 40 years at DuMoulin Black LLP.	Sep 28, 2009	100,000 ⁽⁵⁾

Notes:

- (1) The information as to principal occupation, business or employment and shares beneficially owned or controlled is not within the knowledge of management of the Corporation and has been furnished by the respective individuals.
- (2) Member of the Audit Committee.
- (3) Yewbrook Capital Inc., a corporation wholly and equally owned and controlled by Robert Lipsett, Greg Hryhorchuk, Carl Pescio and Janet Pescio, is the beneficial owner of 6,000,000 common shares of the Corporation, amounting to 65% of the Corporation's total issued and outstanding share capital. Robert Lipsett and Greg Hryhorchuk each additionally own 100,000 common shares of the Corporation.
- (4) Mr. Lipsett and Mr. Pescio each hold options to purchase 157,500 common shares at an exercise price of \$0.10 expiring on June 30, 2020.
- (5) Mr. Brazier holds options to purchase 270,000 common shares at an exercise price of \$0.10 expiring on June 30, 2020.

Corporate Cease Trade Orders or Bankruptcies

None of the proposed directors of the Corporation is, as at the date hereof, or has been, within the previous 10 years, a director, chief executive officer or chief financial officer of any company (including the Corporation) that, (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

None of the proposed directors of the Corporation is, as at the date hereof, or has been, within the previous 10 years, a director or executive officer of any company (including the Corporation) 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.

Penalties or Sanctions

None of the proposed directors of the Corporation has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Personal Bankruptcies

None of the proposed directors of the Corporation has, within the 10 years before the date hereof, 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.

(iii) Appointment of Auditor

Unless otherwise instructed, the persons named in the enclosed proxy or voting instruction form intend to vote such proxy or voting instruction form in favour of the re-appointment of Davidson & Company LLP, as auditors of the Corporation to hold office until the next annual meeting of shareholders and the authorization of the directors of the Corporation to fix their remuneration.

The directors of the Corporation recommend that shareholders vote in favour of the appointment of Davidson & Company LLP, and the authorization of the directors of the Corporation to fix their remuneration. To be adopted, this resolution is required to be passed by the affirmative vote of a majority of the votes cast at the Meeting.

(iv) Stock Option Plan

Under section 2.9(b) of Policy 4.4 – *Incentive Stock Options* (“**Policy 4.4**”) of the TSX Venture Exchange (the “**Exchange**”) all rolling stock option plans, such as the Corporation's stock option plan, originally approved by the directors of the Corporation on February 10, 2010 (the “**2010 Option Plan**”), must receive shareholder approval yearly, at the Corporation's annual shareholders meeting.

At the Meeting, shareholders will be asked to pass a resolution approving the 2010 Option Plan, a copy of which is attached hereto as Schedule “B”. Accordingly, at the Meeting, shareholders are being asked to consider and, if thought advisable, approve an ordinary resolution in the following form:

“BE IT RESOLVED THAT:

- (1) the stock option plan of the Corporation, substantially in the form attached at Schedule “B” to the Information Circular of the Corporation dated July 25, 2012, be and the same is hereby ratified, confirmed and approved as the stock option plan of the Corporation;
- (2) any director or officer be and is hereby authorized to amend the stock option plan of the Corporation should such amendments be required by applicable regulatory authorities including, but not limited to, the TSX Venture Exchange; and
- (3) any one director or officer of the Corporation be and is hereby authorized and directed to do all such things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution.”

Unless otherwise instructed, the persons named in the enclosed proxy or voting instruction form intend to vote such proxy or voting instruction form in favour of the approval of the 2010 Option Plan. The directors of the Corporation recommend that shareholders vote in favour of the approval of the 2010 Option Plan. To be adopted, this resolution is required to be passed by the affirmative vote of a majority of the votes cast at the Meeting.

(v) **Approval of the Cancellation of Common Shares**

Policy 2.4 – *Capital Pool Companies* (“**Policy 2.4**”) of the Exchange requires capital pool companies, such as the Corporation, to complete a Qualifying Transaction (as such term is defined in Policy 2.4) within two years of listing. Accordingly, the Corporation was required to complete a Qualifying Transaction by no later than July 6, 2012.

Effective July 10, 2012 trading in the Common Shares was suspended for failure to complete a Qualifying Transaction within the time prescribed by Policy 2.4. As a result, the Exchange placed the Corporation on notice to delist and that, in order to avoid delisting, it must complete a Qualifying Transaction by October 4, 2012 or such other date as the Exchange may permit (the “**Delisting Deadline**”) or transfer its listing to NEX. NEX is a distinct trading board of the Exchange designed for listed issuers which were previously listed on the Toronto Stock Exchange or the Exchange that have been unable to meet the ongoing financial listing standards of those markets. NEX provides a trading forum for publicly listed shell companies while they seek and undertake transactions which will result in it carrying on an active business.

Pursuant to Policy 2.4, in order for an issuer to transfer the listing of its securities to NEX, the issuer is required to either: (i) cancel all of its “seed shares” (as such term is defined by the policies of the Exchange) purchased by Non-Arm’s Length Parties (as such term is defined by the policies of the Exchange) at a discount to the issuer’s initial public offering price, or (ii) subject to approval by a majority of its shareholders, other than Non-Arm’s Length Parties, cancel an amount of “seed shares” purchased by Non-Arm’s Length Parties so that the average cost of the remaining “seed shares” is at least equal to the issuer’s initial public offering price.

Prior to completing its initial public offering in 2010 (the “**IPO**”), the Corporation issued 7,200,000 seed shares to certain of its directors and founders at a price of \$0.05 per share for gross seed capital of \$360,000. The IPO was completed at a price of \$0.10 per Common Share.

Accordingly, the Corporation seeks shareholder approval to cancel one-half of its seed shares (being 3,600,000 Common Shares). As the cancellation of one-half of its seed shares requires shareholder approval pursuant to Policy 2.4, the Corporation intends to seek shareholder approval of such cancellation at the Meeting. In order to approve the cancellation of one-half of the Corporation’s seed shares, the following resolution must be passed, with or without variation, by a majority of votes cast at the Meeting, other than Non-Arm’s Length Parties.

The directors of the Corporation will only take the steps necessary to cancel one-half of the Corporation’s seed shares if the Corporation does not complete a Qualifying Transaction by the Delisting Deadline.

“BE IT RESOLVED THAT:

- (1) in the event that the Corporation does not complete a Qualifying Transaction (as such term is defined by the TSX Venture Exchange (the “**Exchange**”)) on or before October 4, 2012 or such other later date as the Exchange may permit, the Corporation be and is hereby authorized to cancel approximately one-half of the Corporation’s common shares, on a pro-rata basis among the holders of such shares, issued at a price of less than \$0.10 per share prior to the Corporation’s initial public offering, be and is hereby authorized and approved;
- (2) any one director or officer of the Corporation be and is hereby authorized and directed to do all such things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution; and
- (3) notwithstanding that this resolution has been passed by the shareholders of the Corporation, the directors of the Corporation shall have sole and full discretion to determine whether or not to carry out the cancellation of the foregoing shares and the directors of the Corporation are hereby authorized and empowered to revoke this resolution, in whole or in part, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors.”

Based on the foregoing, the directors of the Corporation unanimously recommends that shareholders approve the cancellation of one-half of Corporation’s seed shares in the event that the Corporation does not complete a Qualifying Transaction by the prescribed time, by voting in favour of the foregoing resolution at the Meeting. Unless otherwise instructed, the persons named in the enclosed proxy or voting instruction form intend to vote such proxy or voting instruction form in favour of the foregoing resolution.

(vi) Transfer to NEX

As set forth above, the Corporation must complete its Qualifying Transaction by the Delisting Deadline. Accordingly, in the event that the Corporation does not complete a Qualifying Transaction by the Delisting Deadline, the directors of the Corporation intend to apply to the Exchange to transfer the listing of the Common Shares to NEX in order to avoid being delisted.

In order for the transfer of the listing of the Common Shares to NEX to be implemented, the following resolution approving such transfer must be passed, with or without variation, by a majority of shareholders other than Non-Arm's Length Parties.

In addition and as described above, in order to transfer the listings of the Common Shares to NEX, Policy 2.4 requires that the Corporation cancel all or a portion of its seed shares. Accordingly, if shareholders approve the seed share cancellation resolution above at the Meeting, one-half of the Corporation's seed shares will remain outstanding following the transfer to NEX in the event that the Corporation does not complete a Qualifying Transaction by the Delisting Deadline. However, if the seed share cancellation resolution is not approved at the Meeting, the Corporation will be required to cancel all of its seed shares (being 7,200,000 Common Shares) in order to complete the transfer to NEX, which cancellation does not require shareholder approval.

The directors of the Corporation will only take the steps necessary to list the Common Shares on NEX if the Corporation does not complete a Qualifying Transaction by the Delisting Deadline. If a Qualifying Transaction is completed and approved within the prescribed period, the Common Shares will, subject to Exchange approval, begin trading on the Exchange.

“BE IT RESOLVED THAT:

- (1) in the event that the Corporation does not complete a Qualifying Transaction (as such term is defined by the TSX Venture Exchange (the “**Exchange**”)) on or before October 4, 2012 or such other later date as the Exchange may permit, the Corporation be and is hereby authorized to apply to transfer the listing of the Corporation's common shares from the Exchange to the NEX trading board of the Exchange;
- (2) any one director or officer of the Corporation be and is hereby authorized and directed to do all such things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution; and
- (3) notwithstanding that this resolution has been passed by the shareholders of the Corporation, the directors of the Corporation shall have sole and full discretion to determine whether or not to carry out the transfer of the listing of the common shares of the Corporation to the NEX trading board of the Exchange and the directors of the Corporation are hereby authorized and empowered to revoke this resolution, in whole or in part, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors.”

Based on the foregoing, the directors of the Corporation unanimously recommends that shareholders approve the transfer of the listing of the Common Shares to NEX in the event that the Corporation does not complete a Qualifying Transaction by the Delisting Deadline, by voting in favour of the foregoing resolution approving such transfer at the Meeting. Unless otherwise instructed, the persons named in the enclosed proxy or voting instruction form intend to vote such proxy or voting instruction form in favour of the foregoing resolution.

(vii) Consolidation of Share Capital

As announced on May 9, 2012 and June 9, 2012, pursuant to an agreement (the “**Letter Agreement**”) dated May 9, 2012, the Corporation agreed to complete an arm's length acquisition of 100% of the common shares of Tantalex Corporation, a company incorporated under the *Canada Business Corporations Act*. Pursuant to the terms of the Letter Agreement and subject to completion of satisfactory due diligence and receipt of all necessary regulatory and Exchange approvals, the proposed acquisition of Tantalex (the “**Tantalex QT**”) will qualify as the Corporation's Qualifying Transaction.

As a condition of the Tantalex QT the Corporation is required to have 3,083,333 Common Shares issued and outstanding upon closing of the Tantalex QT. The directors of the Corporation will only take the steps necessary to consolidate the Common Shares in order to complete the Tantalex QT.

Accordingly, the Corporation seeks shareholder approval to consolidate the share capital of the Corporation (9,250,000 as of the date hereof and 5,650,000 in the event of the proposed cancellation of one-half of the Corporation's seed shares of the Corporation as detailed above) into 3,083,333 Common Shares. As the consolidation of shares requires shareholder approval pursuant to Policy 5.8 – Issuer Names, Issuer Name Changes, Share Consolidations and Splits of the Exchange, the Corporation intends to seek shareholder approval of such consolidation at the Meeting. In order to approve the consolidation of the Common

Shares into 3,083,333 Common Shares, the following resolution must be passed, with or without variation, by a majority of votes cast at the Meeting.

“BE IT RESOLVED THAT:

- (1) in the event that the Corporation is in a position to complete and receive approval from the TSX Venture Exchange (the “**Exchange**”) for a Qualifying Transaction (as such term is defined by the Exchange) with Tantalex Corporation, the Corporation be and is hereby authorized to alter the authorized capital of the Corporation by consolidating all of the Corporation’s then issued common shares without par value into 3,083,333 common shares without par value;
- (2) any one director or officer of the Corporation be and is hereby authorized and directed to do all such things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution including, without limitation, the delivery of articles of amendment in such form as may be prescribed under the *Business Corporations Act* (British Columbia); and
- (3) notwithstanding that this resolution has been passed by the shareholders of the Corporation, the directors of the Corporation shall have sole and full discretion to determine whether or not to carry out the consolidation of the foregoing shares and the directors of the Corporation are hereby authorized and empowered to revoke this resolution, in whole or in part, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors.”

The proposed consolidation will not alter or change in any way any shareholder’s proportion of votes to total votes, however, the total votes capable of being cast by shareholders at a shareholders meeting of the Corporation in the future will be reduced if the resolution is passed. Any resulting fractional share will be dealt with by taking the number of shares issuable on the exchange to the nearest whole share.

Based on the foregoing, the directors of the Corporation unanimously recommends that shareholders approve the consolidation of the Common Shares into 3,083,333 Common Shares as a condition to the closing the Tantalex QT, by voting in favour of the foregoing resolution approving such consolidation at the Meeting. Unless otherwise instructed, the persons named in the enclosed proxy or voting instruction form intend to vote such proxy or voting instruction form in favour of the foregoing resolution.

9. CORPORATE GOVERNANCE DISCLOSURE

Set forth below is a description of the Corporation’s current corporate governance practices, as prescribed by Form 58-101F2, which is attached to National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”):

Board of Directors

The directors have determined that Carl Pescio and George Brazier, current and prospective members of the board of directors of the Corporation, are independent as such term is defined in NI 58-101, and that Robert Lipsett, a current and prospective member of the board of directors of the Corporation, is not independent as such term is defined in NI 58-101, as he is an executive officer (Chief Executive Officer) of the Corporation.

Directorships

The following directors and prospective directors of the Corporation are presently directors of other issuers that are reporting issuers (or the equivalent):

Name of Director	Name of Other Reporting Issuers
Carl Pescio	Allied Nevada Gold Corp.
	Angus Mining (Namibia) Inc.
George Brazier	Monument Mining Limited

Orientation and Continuing Education

While the Corporation does not have formal orientation and training programs, new members of the board of directors are provided with (a) information respecting the functioning of the board of the directors, committees, and copies of the Corporation’s corporate governance policies, if applicable, (b) access to recent, publicly filed documents of the Corporation, and (c) access to management.

Directors are encouraged to communicate with management, auditors and technical consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Corporation's operations. Directors have full access to the Corporation's records.

Ethical Business Conduct

The board of directors view good corporate governance and ethical business conduct as an integral component to the success of the Corporation and to meet responsibilities to its shareholders. Due to the size of the Corporation and its present level of activity, the Corporation has not adopted a Code of Conduct or taken formal steps to encourage or promote a culture of ethical business conduct.

Nomination of Directors

Both the directors and management are responsible for selecting nominees for election to the board of directors. At present, there is no formal process established to identify new candidates for nomination. The board of directors and management determine the requirements for skills and experience needed on the board of directors from time to time. The present board of directors and management expect that new nominees have a track record in general business management, special expertise in an area of strategic interest to the Corporation, the ability to devote the time required, support for the Corporation's business objectives and a willingness to serve.

Compensation

At present, no compensation (other than the grant of incentive stock options) is paid to the directors of the Corporation in their capacity as directors. The directors do not currently have a compensation committee. As a capital pool company ("CPC") pursuant to Policy 2.4 – *Capital Pool Companies* (the "CPC Policy") of the Exchange the Corporation is not permitted to compensate officers, including the Chief Executive Officer, for their services.

Assessments

The directors' believe that nomination to the Corporation's board of directors is not open ended and that directorships should be reviewed carefully for alignment with the strategic needs of the Corporation. To this extent, the directors constantly review (i) individual director performance and the performance of the board of directors as a whole, including processes and effectiveness; and (ii) the performance of the Chairman, if any, of the board of directors.

10. AUDIT COMMITTEE

National Instrument 52-110 – *Audit Committees* ("NI 52-110") requires the Corporation, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor.

Audit Committee Charter

The Corporation's Audit Committee is governed by an audit committee charter that was established by the directors of the Corporation on July 21, 2011, a copy of which is attached hereto as Schedule "A".

Composition of Audit Committee

The Corporation's Audit Committee consisted of three directors until the resignation of Greg Hryhorchuk on April 20, 2012. Accordingly, the Audit Committee presently consists of two directors, Carl Pescio and George Brazier. Each member of the Audit Committee is financially literate, as such term is defined in NI 52-110, and independent, as such term is defined in NI 52-110 and in the *Business Corporations Act* (Ontario).

Relevant Education and Experience

In addition to each member's general business experience, the education and experience of each Audit Committee member relevant to the performance of his responsibilities as an Audit Committee member is as follows:

In 1991, Mr. Pescio became a self-employed mining prospector for Pescio Exploration, and over the next 15 years he assembled a mineral claim package in Nevada, which was acquired through a merger arrangement with Vista Gold Corp. (and subsequent spinout of Allied Nevada Gold Corp.) in May 2007. Mr. Pescio served as a director of RCG Capital Inc. (a capital pool company) until it completed its Qualifying Transaction in September 2011. Mr. Pescio has been a director of Allied Nevada Gold Corp. from March 2007 until present and of Angus Mining (Namibia) Inc. from

September 2010 until present. He was also a director of Tornado Gold International from March 2004 until November 2008 and Mill City International from July 2003 to November 2004. Mr. Pescio obtained a Bachelor of Science, Geology from the University of Nevada in 1974 and has been a geologist and prospector for over 30 years.

Mr. Brazier served as a director of RCG Capital Inc. (a capital pool company) until it completed its Qualifying Transaction in September 2011. Mr. Brazier has been a director and chairman of Monument Mining Limited since December 2008. From March 2008 until June 2010, Mr. Brazier was also a director of Staccato Gold Resources Ltd. He is also the corporate secretary of Western Pacific Trust Company and was the corporate secretary of UC Resources Ltd from January 2006 until February 2009. Mr. Brazier obtained a Bachelor of Arts from the University of British Columbia in 1962. He received his Bachelor of Laws from the University of Toronto in 1965. Mr. Brazier is a retired member of the Law Society of British Columbia. Prior to his retirement in 2008, Mr. Brazier practiced law for 42 years, the last 40 years at DuMoulin Black LLP.

External Auditor Matters

Since the commencement of the Corporation's most recently completed financial year, the Corporation's directors have not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor and the Corporation has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the financial year in which the non-audit services were provided. 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.

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Corporation's directors and, where applicable, the Audit Committee, on a case-by-case basis.

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

The fees billed to the Corporation by its auditor in each of the last two financial years, by category, are as follows:

Financial Year Ending	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
February 29, 2012	\$8,670	\$Nil	\$Nil	\$Nil
February 28, 2011	\$7,650	\$Nil	\$Nil	\$Nil

Exemptions:

The Corporation is a "venture issuer" as defined in NI 52-110 and is relying on the exemption contained in Section 6.1 of NI 52-110, which exempts the Corporation from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

As at the date hereof, the Corporation had not yet completed a qualifying transaction pursuant to the CPC Policy. Accordingly, the executive officers of the Corporation (Robert Lipsett, Chief Executive Officer, and Foo Chan, Chief Financial Officer) (the "Named Executive Officers"), were not paid any compensation during the financial year ended February 29, 2012, as the CPC Policy prohibits directors and officers from receiving remuneration (other than incentive stock options) while the Corporation is a CPC.

Option-Based Awards

On June 30, 2010, the date the Corporation closed its IPO, the Corporation granted a total of 315,000 stock options to its Named Executive Officers, exercisable for a period of ten years from the date of grant. Each option entitles its holder to purchase one common share of the Corporation at an exercise price of \$0.10 per share. The allocation and number of options granted was determined by the board of directors and the exercise price was established by the directors in accordance with the policies of the

Exchange and was based on the IPO price of the Corporation's shares. The purpose of granting such options is to assist the Corporation in compensating, attracting, retaining and motivating its Named Executive Officers and to closely align the personal interests of such persons to that of the shareholders.

Option-based awards are designed to reward individual performance and contribution to the Corporation's objectives. Previous grants of option-based awards are taken into account when considering new grants.

The directors did not grant incentive stock options to management during the financial year ended February 29, 2012, but did grant stock options during the financial year ended February 28, 2011. See "Incentive Plan Awards" below.

Summary Compensation Table for Named Executive Officers

The following table sets forth information concerning the total compensation paid to the Named Executive Officers of the Corporation during the previous three financial years:

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long term incentive plans			
Robert Lipsett CEO	2012	-	-	-	-	-	-	-	-
	2011	-	-	12,396 ⁽¹⁾	-	-	-	-	12,396
	2010	-	-	-	-	-	-	-	-
Foo Chan CFO	2012	-	-	-	-	-	-	See Note 2	-
	2011	-	-	12,396 ⁽¹⁾	-	-	-	See Note 2	12,396
	2010	-	-	-	-	-	-	-	-

Notes:

- (1) The fair value of options granted was \$0.08 per option. The Corporation calculated the compensation cost by using the Black-Scholes option pricing model assuming a risk free interest rate of 2.00%, a dividend yield of 0%, an expected annual volatility of the Corporation's share price of 75% and an expected life of the options of ten years.
- (2) During the year ended February 29, 2012, the Corporation paid or accrued accounting fees of \$15,000 (2011 - \$7,600) to Hedden Chong LLP, an accounting firm. Mr. Chan is a partner of Hedden Chong LLP. As of February 29, 2012, \$3,000 (2011 - \$3,000) in accounts payable and accrued liabilities was due to Hedden Chong LLP. The transactions were in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth all awards outstanding for the Named Executive Officers as of February 29, 2012:

Name	Option-Based Awards				Share-Based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share based awards that have not vested (\$)
Robert Lipsett	157,500	0.10	June 30, 2020	Nil	-	-
Foo Chan	157,500	0.10	June 30, 2020	Nil	-	-

Notes:

- (1) Aggregate value is calculated based on the difference between the exercise price of the options and the closing price of the Common Shares on the Exchange on February 21, 2012 (the last day the Common Shares traded during the financial year ended February 29, 2012) of \$0.085.

Incentive Plan Awards – Value Vested or Earned During the Year

No incentive stock options were granted to the Named Executive Officers during the financial year ended February 29, 2012. All of the incentive stock options granted to the Named Executive Officers were granted during the financial year ended February 28, 2011 and vested upon their grant date (June 30, 2010).

Pension Plan Benefits

The Corporation has not implemented a pension plan.

Termination and Change of Control Benefits

There is no employment contract, compensatory plan or other arrangement in place with the Named Executive Officers, nor are there any agreements between the Corporation and the Named Executive Officers that provide for payment to the Named Executive Officers in connection with any termination, resignation, retirement, change in control of the Corporation or change in responsibilities of the Named Executive Officers.

Director Compensation

No cash compensation was paid to the directors of the Corporation in their capacity as directors during the financial year ended February 29, 2012. The directors of the Corporation are eligible to receive options to purchase Common Shares pursuant to the terms of the 2010 Option Plan, however no incentive stock options were granted to the directors of the Corporation during the financial year ended February 29, 2012.

Director Compensation Table for Directors (other than the Named Executive Officers)

The following table sets forth all compensation provided to each of the directors of the Corporation (other than the Named Executive Officers, whose disclosure with respect to compensation is set out above) during the financial year ended February 29, 2012:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Greg Hryhorchuk ⁽¹⁾	-	-	-	-	-	-	-
Carl Pescio	-	-	-	-	-	-	-
George Brazier	-	-	-	-	-	-	-

Notes:

(1) Resigned as a director of the Corporation on April 20, 2012.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth all awards outstanding for each of the directors of the Corporation (other than the Named Executive Officers, whose disclosure with respect to incentive plan awards is set out above) as of February 29, 2012:

Name	Option-Based Awards				Share-Based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share based awards that have not vested (\$)
Greg Hryhorchuk ⁽²⁾	157,500	\$0.10	July 19, 2012 ⁽³⁾	Nil	-	-
Carl Pescio	157,500	\$0.10	June 30, 2020	Nil	-	-
George Brazier	270,000	\$0.10	June 30, 2020	Nil	-	-

Notes:

(1) Aggregate value is calculated based on the difference between the exercise price of the options and the closing price of the Common Shares on the Exchange on February 21, 2012 (the last day the Common Shares traded during the financial year ended February 29, 2012) of \$0.085.

(2) Resigned as a director of the Corporation on April 20, 2012.

(3) Original expiry date (June 30, 2020) was accelerated upon Mr. Hryhorchuk's resignation on April 20, 2012.

Incentive Plan Awards – Value Vested or Earned During the Year

No incentive stock options were granted to the directors of the Corporation (other than the Named Executive Officers, whose disclosure with respect to incentive plan awards is set out above) during the financial year ended February 29, 2012. All of the incentive stock options granted to such directors was granted during the financial year ended February 28, 2011 and vested upon their grant date (June 30, 2010).

12. SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as of the date hereof regarding the number of Common Shares to be issued upon the exercise of outstanding options and the weighted-average exercise price of the outstanding options in connection with the 2010 Option Plan:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	900,000	\$0.10	-
Equity compensation plans not approved by securityholders	-	-	-
Total	900,000	\$0.10	-

The securities referred to in the table above were granted under the 2010 Option Plan or its predecessors plans.

13. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors, the proposed nominees for election as director, the executive officers of the Corporation, or any of their respective associates or affiliates is or has been indebted to the Corporation or any of its subsidiaries in respect of loans, advances or guarantees of indebtedness.

14. INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

None of the informed persons (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) of the Corporation, any proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director, has had any material interest, direct or indirect, in any transaction of the Corporation since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

15. MANAGEMENT CONTRACTS

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

16. PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Other than the foregoing, management of the Corporation knows of no other matter to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters which are not known to the management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

17. ADDITIONAL INFORMATION

Additional information relating to the Corporation, including copies of the Corporation's financial statements and Management's Discussion and Analysis is available on SEDAR at www.sedar.com, copies of which may be obtained from the Corporation upon request. The Corporation may require the payment of a reasonable charge if the request is made by a person who is not a shareholder of the Corporation.

DATED this 25th day of July, 2012.

BY ORDER OF THE BOARD

(signed) "Robert Lipsett"
Chief Executive Officer

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

Mandate

The primary function of the Audit Committee is to assist the board of directors (the "**Board**") in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Audit Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Audit Committee's primary duties and responsibilities are to:

- (a) Serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements.
- (b) Review and appraise the performance of the Company's external auditors.
- (c) Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board.

Composition

The Audit Committee shall be comprised of three directors as determined by the Board, the majority of whom shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee.

At least one member of the Audit Committee shall have accounting or related financial management expertise. All members of the Audit Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Audit Committee's Charter, the definition of "financially literate" is 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 presumably be expected to be raised by the Company's financial statements.

The members of the Audit Committee shall be elected by the Board at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board, the members of the Audit Committee may designate a Chair by a majority vote of the full Audit Committee membership.

Meetings

The Audit Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

Responsibilities and Duties

Documents/Reports Review

To fulfill its responsibilities and duties, the Audit Committee shall:

- (a) Review and update this Charter annually.
- (b) Review the Company's financial statements, MD&A, any annual and interim earnings and press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board and the Audit Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of the external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board take appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting of the Audit Committee, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.

- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditor. The pre-approval requirement is waived with respect to the provision of non-audit services provided;
 - (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of fees paid by the Company to its external auditor during the fiscal year in which the non-audit services are provided;
 - (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and
 - (iii) such services are promptly brought to the attention of the Audit Committee and approved, prior to the completion of the audit, by the Audit Committee or by one or more members of the Audit Committee to whom authority to grant such approvals has been delegated by the Audit Committee.

Provided the pre-approval of the non-audit services is presented to the Audit Committee's first scheduled meeting following such approval, such authority may be delegated by the Audit Committee to one or more independent members of the Audit Committee.

Financial Reporting Processes

- (a) In consultation with the external auditor, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditor and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditor as to appropriateness of such judgments.

- (e) Following completion of the annual audit, review separately with management and the external auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditor in connection with the preparation of the financial statements.
- (g) Review with the external auditor and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review the certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Other

Review any related-party transactions.

SCHEDULE "B"
STOCK OPTION PLAN

(see attached)

Approved on February 10, 2010

LYNNWOOD CAPITAL INC.

INCENTIVE STOCK OPTION PLAN

**PART 1
INTERPRETATION**

1.1 **Definitions.** In this Plan the following words and phrases shall have the following meanings, namely:

- (a) "Board" means the board of directors of the Company and includes any committee of directors appointed by the directors as contemplated by Section 3.1 hereof;
- (b) "Company" means Lynnwood Capital Inc.;
- (c) "Consultant" means an individual, other than an Employee or Director of the Company, that:
 - (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or to an affiliate of the Company, other than services provided in relation to a distribution of securities;
 - (ii) provides the services under a written contract between the Company or the affiliate, and the individual;
 - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an affiliate of the Company; and
 - (iv) has a relationship with the Company or an affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.
- (d) "Director" means any director of the Company or of any of its subsidiaries;
- (e) "Eligible Person" means bona fide Employees, Consultants, Officers or Directors, or corporations employing or wholly owned by such Employees, Consultants, Officers or Directors;
- (f) "Employee" means any individual in the employment of the Company or any of its subsidiaries or of a company providing management or administrative services to the Company;
- (g) "Exchange" means the TSX Venture Exchange and any other stock exchange on which the Shares are listed for trading;

- (h) "Exchange Policy" means the policies, bylaws, rules and regulations of the Exchange governing the granting of options by the Company, as amended from time to time;
- (i) "Expiry Date" means not later than ten years from the date of grant of the option;
- (j) "Insider" has the meaning ascribed thereto in the *Securities Act*;
- (k) "Investor Relations Activities" means any activities, by or on behalf of the Company or shareholder of the Company, that promote or reasonably could be expected to promote the purchase or sale of securities of the Company, but does not include:
 - (i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Company
 - (A) to promote the sale of products or services of the Company, or
 - (B) to raise public awareness of the Company,that cannot reasonably be considered to promote the purchase or sale of securities of the Company;
 - (ii) activities or communications necessary to comply with the requirements of
 - (A) applicable Securities Laws,
 - (B) Exchange requirements or the by-laws, rules or other regulatory instruments of any other self-regulatory body or exchange having jurisdiction over the Company;
 - (iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if
 - (A) the communication is only through the newspaper, magazine or publication, and
 - (B) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
 - (iv) activities or communications that may be otherwise specified by the Exchange;

- (l) "Joint Actor" means a person acting "jointly or in concert with" another person as that phrase is interpreted in section 96 of the *Securities Act*;
- (m) "Optionee" or "Optionees" means the recipient of an incentive stock option under this Plan;
- (n) "Officer" means any senior officer of the Company or of any of its subsidiaries as defined in the *Securities Act* (British Columbia);
- (o) "Plan" means this incentive stock option plan as from time to time amended;
- (p) "*Securities Act*" means the *Securities Act*, R.S.B.C. 1996, c.418, as amended, from time to time;
- (q) "Securities Laws" means the act, policies, bylaws, rules and regulations of the securities commissions governing the granting of options by the Company, as amended from time to time;
- (r) "Shares" means the common shares without par value of the Company.

1.2 **Governing Law.** The validity and construction of the Plan shall be governed by and construed in accordance with the laws of the Province of British Columbia, and the federal laws of Canada applicable therein.

1.3 **Gender.** Throughout this Plan, words importing the masculine gender shall be interpreted as including the female gender.

PART 2 PURPOSE OF PLAN

2.1 **Purpose.** The purpose of this Plan is to attract and retain Employees, Consultants, Officers or Directors to the Company and to motivate them to advance the interests of the Company by affording them with the opportunity to acquire an equity interest in the Company through options granted under this Plan to purchase Shares.

PART 3 GRANTING OF OPTIONS

3.1 **Administration.** This Plan shall be administered by the Board or, if the Board so elects, by a committee (which may consist of only one person) appointed by the Board from its members.

3.2 **Committee's Recommendations.** The Board may accept all or any part of recommendations of the committee or may refer all or any part thereof back to the committee for further consideration and recommendation.

3.3 **Board Authority.** Subject to the limitations of the Plan, the Board shall have the authority to:

- (a) grant options to purchase Shares to Eligible Persons;
- (b) determine the terms, limitations, restrictions and conditions respecting such grants;
- (c) interpret the Plan and adopt, amend and rescind such administrative guidelines and other rules and regulations relating to the Plan as it shall from time to time deem advisable; and
- (d) make all other determinations and take all other actions in connection with the implementation and administration of the Plan including without limitation for the purpose of ensuring compliance with Section 7.1 hereof as it may deem necessary or advisable.

3.4 **Grant of Option.** A resolution of the Board shall specify the number of Shares that should be placed under option to each Eligible Person; the exercise price to be paid for such Shares upon the exercise of each such option; any applicable hold period; and the period, including any applicable vesting periods required by Exchange Policy or by the Board, during which such option may be exercised.

3.5 **Written Agreement.** Every option granted under this Plan shall be evidenced by a written agreement substantially in the form attached hereto as Schedule "A", containing such terms and conditions as are required by Exchange Policy and Securities Laws, between the Company and the Optionee and, where not expressly set out in the agreement, the provisions of such agreement shall conform to and be governed by this Plan. In the event of any inconsistency between the terms of the agreement and the Plan, the terms of the Plan shall govern.

PART 4 RESERVE OF SHARES FOR OPTIONS

4.1 **Sufficient Authorized Shares to be Reserved.** Whenever the Notice of Articles of the Company limit the number of authorized Shares, a sufficient number of Shares shall be reserved by the Board to satisfy the exercise of options granted under this Plan. Shares that were the subject of options that have lapsed or terminated shall thereupon no longer be in reserve and may once again be subject to an option granted under this Plan.

4.2 **Maximum Number of Shares Reserved.** Unless authorized by shareholders of the Company, this Plan, together with all of the Company's other previously established or proposed stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Shares, shall not result, at any time, in the number of Shares reserved for issuance pursuant to stock options exceeding 10% of the issued and outstanding Shares of the Company as at the date of grant of any stock option under the Plan.

4.3 **Limits with Respect to Individuals.** The aggregate number of Shares that may be reserved for issuance to any one individual in a 12 month period pursuant to the

Plan shall not exceed 5% of the issued and outstanding Shares of the Company determined at the time of the grant of the option.

4.4 **Limits with Respect to Consultants.** The number of options granted to any one Consultant in a 12 month period under the Plan shall not exceed 2% of the issued and outstanding Shares at the time of the grant of the option.

4.5 **Limits with Respect to Investor Relations Activities.** The Company shall not grant options to any person conducting Investor Relations Activities, promotional or market-making services.

4.6 **Limits with Respect to Insiders.** Unless authorized by the disinterested shareholders of the Company, the Plan, together with all of the Company's other previously established or proposed stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Shares, shall not result, at any time in the grant to Insiders, within a 12 month period, of a number of options exceeding 10% of the issued and outstanding Shares at the time of the grant.

PART 5 CONDITIONS GOVERNING THE GRANTING AND EXERCISING OF OPTIONS

5.1 **Exercise Price.** Subject to a minimum price of CDN \$0.10 per share and Section 5.2 hereof, the exercise price of an option may not be less than the closing market price during the trading day immediately preceding the date of the grant of the option, less any applicable discount allowed by the Exchange.

5.2 **Exercise Price if Distribution.** If the options are granted within ninety days of a public distribution by prospectus, then the minimum exercise price shall be the greater of Section 5.1 and the per share price paid by the public investors for Shares acquired under the public distribution. The ninety day period will commence on the date a final receipt is issued for the prospectus.

5.3 **Expiry Date.** Each option shall, unless sooner terminated, expire on a date to be determined by the Board which will not be later than the Expiry Date.

5.4 **Different Exercise Periods, Prices and Number.** The Board may, in its absolute discretion, upon granting an option under this Plan and subject to the provisions of Section 6.3 hereof, specify a particular time period or periods following the date of granting the option during which the Optionee may exercise his option to purchase Shares and may designate the exercise price and the number of Shares in respect of which such Optionee may exercise his option during each such time period.

5.5 **Termination of Employment.** If a Director, Officer, Consultant or Employee ceases to be so engaged by the Company for any reason other than death, such Director, Officer, Consultant or Employee shall have the right to exercise any vested option not exercised prior to such termination within the later of 12 months after the completion of the

qualifying transaction and a period of 90 calendar days after the date of termination, or such shorter period as may be set out in the Optionee's Option Agreement.

5.6 **Death of Optionee.** If an Optionee dies prior to the expiry of his option, his heirs or administrators may within one year from the date of the Optionee's death exercise that portion of an option granted to the Optionee under the Plan which remains vested and outstanding.

5.7 **Assignment.** No option granted under the Plan or any right thereunder or in respect thereof shall be transferable or assignable otherwise than by provided for in Section 5.6.

5.8 **Notice.** Options shall be exercised only in accordance with the terms and conditions of the agreements under which they are respectively granted and shall be exercisable only by notice in writing to the Company substantially in the form set out in Schedule "B" hereto.

5.9 **Payment.** Options may be exercised in whole or in part at any time prior to their lapse or termination. Shares purchased by an Optionee on exercise of an option shall be paid for in full in cash at the time of their purchase.

5.10 **Options to Employees or Consultants.** In the case of options granted to Employees or Consultants, the Optionee must be a bona-fide Employee or Consultant, as the case may be, of the Company or its subsidiary.

PART 6 CHANGES IN OPTIONS

6.1 **Share Consolidation or Subdivision.** In the event that the Shares are at any time subdivided or consolidated, the number of Shares reserved for option and the price payable for any Shares that are then subject to option shall be adjusted accordingly.

6.2 **Stock Dividend.** In the event that the Shares are at any time changed as a result of the declaration of a stock dividend thereon, the number of Shares reserved for option and the price payable for any Shares that are then subject to option may be adjusted by the Board to such extent as it deems proper in its absolute discretion.

6.3 **Effect of a Take-Over Bid.** If a bona fide offer to purchase Shares (an "Offer") is made to the Optionee or to shareholders of the Company generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Company, within the meaning of subsection 1(1) of the *Securities Act*, the Company must, upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon all Shares subject to such option ("**Option Shares**") will become vested and the option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Option Shares received upon such exercise, pursuant to the Offer. However, if:

- (a) the Offer is not completed within the time specified therein including any extensions thereof; or
- (b) all of the Option Shares tendered by the Optionee pursuant to the Offer are not taken up or paid for by the offeror in respect thereof,

then the Option Shares received upon such exercise, or in the case of clause (b) above, the Option Shares that are not taken up and paid for, may be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and with respect to such returned Option Shares, the option shall be reinstated as if it had not been exercised and the terms upon which such Option Shares were to become vested pursuant to Sections 5.4 and 5.5 shall be reinstated. If any Option Shares are returned to the Company under this Section 6.3, the Company shall immediately refund the exercise price to the Optionee for such Option Shares.

6.4 Acceleration of Expiry Date. If an Offer is made by an offeror, the Directors may, upon notifying the Optionee of full particulars of the Offer, declare that the Expiry Date for the exercise of all unexercised options granted under the Plan is accelerated so that all options will either be exercised or will expire prior to the date upon which Shares must be tendered pursuant to the Offer.

6.5 Effect of a Change of Control. If a Change of Control (as defined below) occurs, all Option Shares subject to each outstanding option will become vested, whereupon such option may be exercised in whole or in part by the Optionee. "Change of Control" means the acquisition by any person or by any person and a Joint Actor, whether directly or indirectly, of voting securities of the Company, which, when added to all other voting securities of the Company at the time held by such person or by such person and a Joint Actor, totals for the first time not less than fifty percent (50%) of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board of the Company.

PART 7 SECURITIES LAWS AND EXCHANGE POLICIES

7.1 Exchange's Rules and Policies Apply. This Plan and the granting and exercise of any options hereunder are also subject to such other terms and conditions as are set out from time to time in the Securities Laws and Exchange Policies and such rules and policies shall be deemed to be incorporated into and become a part of this Plan. In the event of an inconsistency between the provisions of such rules and policies and of this Plan, the provisions of such rules and policies shall govern. In the event that the Company's listing changes from one tier to another tier on the Exchange or the Company's Shares are listed on a new stock exchange, the granting of options shall be governed by the rules and policies of such new tier or new stock exchange and unless inconsistent with the terms of this Plan, the Company shall be able to grant options pursuant to the rules and policies of such new tier or new stock exchange without requiring shareholder approval.

**PART 8
AMENDMENT OF PLAN**

8.1 **Board May Amend.** The Board may, by resolution, amend or terminate this Plan, but no such amendment or termination shall, except with the written consent of the Optionees concerned, affect the terms and conditions of options previously granted under this Plan which have not then been exercised or terminated.

8.2 **Exchange Approval.** Any amendment to this Plan or options granted pursuant to this Plan shall not become effective until such Exchange and shareholder approval as is required by Exchange Policy and Securities Laws has been received.

8.3 **Amendment to Insider's Options.** Any amendment to options held by Insiders of the Company at the time of the amendment, which results in a reduction in the exercise price of the options, is conditional upon the obtaining of disinterested shareholder approval to that amendment.

**PART 9
EFFECT OF PLAN ON OTHER COMPENSATION OPTIONS**

9.1 **Other Options Not Affected.** This Plan is in addition to any other existing stock options granted prior to and outstanding as at the date of the Plan and shall not in any way affect the policies or decisions of the Board in relation to the remuneration of Directors, Officers, Consultants and Employees.

**PART 10
OPTIONEE'S RIGHTS AS A SHAREHOLDER**

10.1 **No Rights Until Option Exercised.** An Optionee shall be entitled to the rights pertaining to share ownership, such as to dividends, only with respect to Shares that have been fully paid for and issued to the Optionee upon exercise of an option.

**PART 11
EFFECTIVE DATE OF PLAN**

11.1 **Effective Date.** The Plan shall become effective upon the later of the date of acceptance for filing of the Plan by the Exchange or the approval of the Plan by the shareholders of the Company, however, options may be granted under the Plan prior to the receipt of approval by shareholders and acceptance from the Exchange.

SCHEDULE "A"

**LYNNWOOD CAPITAL INC.
INCENTIVE STOCK OPTION AGREEMENT**

INCENTIVE STOCK OPTION AGREEMENT dated _____, 2010 between Lynnwood Capital Inc. (the "**Company**") and _____ (the "**Optionee**").

WHEREAS

A. In order to attract and retain employees, consultants, officers and directors of the Company and to motivate them to advance the interests of the Company, the Company has created an incentive stock option plan (the "**Plan**"); and

B. pursuant to the Plan, the Company has agreed to issue options under the Plan to the Optionee.

In consideration of the foregoing and the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

1. **Grant of Options.** Pursuant to the Plan, the Company hereby grants to the Optionee who accepts _____ options (the "**Options**") to acquire common shares without par value in the capital of the Company (the "**Shares**") at an exercise price of \$_____ per share upon the following terms and conditions.
2. **Vesting.** The Options will vest immediately.
3. **Expiry.** The Options will expire 10 years after the date of the grant of the Options.
4. **Termination of Employment.** If the Optionee is a Director, Officer, Consultant or Employee (as defined in the Plan) and ceases to be so engaged by the Company for any reason other than death, the Optionee shall have the right to exercise any vested Option not exercised prior to such termination within the later of 12 months after the completion of the qualifying transaction and a period of 90 calendar days after the date of termination, or such shorter period as may be set out in this Agreement.
5. **Death of Optionee.** If the Optionee dies prior to the expiry of his Option, his heirs or administrators may within one year from the date of the Optionee's death exercise that portion of an option granted to the Optionee under the Plan which remains vested and outstanding.
6. **Assignment.** No option granted under the Plan or any right thereunder or in respect thereof shall be transferable or assignable otherwise than by provided for in Section 5.
7. **Notice.** Options shall be exercised only in accordance with the terms and conditions of the agreements under which they are respectively granted and shall be exercisable only

by notice in writing to the Company substantially in the form set out in Schedule "B" of the Plan.

8. **Payment.** Options may be exercised in whole or in part at any time prior to their lapse or termination. Shares purchased by the Optionee on exercise of an Option shall be paid for in full in cash at the time of their purchase.

9. **Share Consolidation or Subdivision.** In the event that the Shares of the Company are at any time subdivided or consolidated, the number of Shares reserved for option and the price payable for any Shares that are then subject to option shall be adjusted accordingly.

10. **Stock Dividend.** In the event that the Shares of the Company are at any time changed as a result of the declaration of a stock dividend thereon, the number of Shares reserved for option and the price payable for any Shares that are then subject to option may be adjusted by the Board of Directors to such extent as it deems proper in its absolute discretion.

11. **Effect of a Take-Over Bid.** If a bona fide offer to purchase Shares (an "Offer") is made to the Optionee or to shareholders of the Company generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Company, within the meaning of subsection 1(1) of the *Securities Act*, the Company shall, upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon all Shares subject to such option ("**Option Shares**") will become vested and the option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Option Shares received upon such exercise, pursuant to the Offer. However, if:

the Offer is not completed within the time specified therein including any extensions thereof; or

all of the Option Shares tendered by the Optionee pursuant to the Offer are not taken up or paid for by the offeror in respect thereof,

then the Option Shares received upon such exercise, or in the case of clause (b) above, the Option Shares that are not taken up and paid for, may be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and with respect to such returned Option Shares, the option shall be reinstated as if it had not been exercised and the terms upon which such Option Shares were to become vested pursuant to the Plan and this Agreement shall be reinstated. If any Option Shares are returned to the Company under this section, the Company shall immediately refund the exercise price to the Optionee for such Option Shares.

12. **Acceleration of Expiry Date.** If an Offer is made by an offeror, the Directors may, upon notifying the Optionee of full particulars of the Offer, declare that the Expiry Date for

the exercise of all unexercised Options is accelerated so that all Options will either be exercised or will expire prior to the date upon which Shares must be tendered pursuant to the Offer.

13. **Effect of a Change of Control.** If a Change of Control (as defined below) occurs, all Option Shares subject to an outstanding Option will become vested, whereupon such Option may be exercised in whole or in part by the Optionee. "Change of Control" means the acquisition by any person or by any person and a Joint Actor, whether directly or indirectly, of voting securities of the Company, which, when added to all other voting securities of the Company at the time held by such person or by such person and a Joint Actor, totals for the first time not less than fifty percent (50%) of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board of the Company.

14. **Certificate Subject to Terms of Plan.** The Optionee acknowledges that the terms and conditions of this Agreement are subject to the provisions of the Plan and Exchange Policy and Securities Laws as amended from time to time, which provisions are incorporated by reference into this Agreement. In the event of an inconsistency between the provisions of the Plan and this Agreement, the provisions of the Plan shall prevail. The Plan shall be available for review by the Optionee at the Company's records office.

All capitalized terms not defined in this Agreement have the meaning ascribed thereto in the Plan.

IN WITNESS WHEREOF, the Company and Optionee have caused this Agreement to be duly executed. This Option is granted on the date first stated above.

LYNNWOOD CAPITAL INC.

By: _____
Authorized Signatory

OPTIONEE

Signature of Optionee

SCHEDULE "B"

EXERCISE NOTICE

LYNNWOOD CAPITAL INC.

The undersigned Optionee hereby subscribes to _____ common shares without par value in **Lynnwood Capital Inc.** (the "**Company**") at a price of \$____ per share, pursuant to the provision of the Incentive Stock Option Agreement entered into between the undersigned and the Company on _____. The undersigned encloses cash in the amount of \$_____ in full payment for the shares purchased herein.

Dated this ____ day of _____, 20__.

Signature of Optionee

Name of Optionee

Address of Optionee