

**QMI SEISMIC INC.  
NOTICE OF MEETING  
AND  
MANAGEMENT INFORMATION CIRCULAR  
FOR  
ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

May 20, 2011

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## GLOSSARY OF TERMS

The following is a glossary of general terms and abbreviations used in this Circular:

"**Acquisition**" means the acquisition of the Gold Hill Property pursuant to the Option Agreement;

"**Option Agreement**" means the agreement dated as of May 20, 2011 between the Company and the vendors (Gerald Locke and Ken Ellerbeck);

"**Act**" means the *Business Corporations Act* (British Columbia) as amended from time to time;

"**Beneficial Shareholder**" means a Shareholder who is not a Registered Shareholder;

"**Board**" means the board of directors of the Company;

"**Business Day**" means a day which is not a Saturday, Sunday or statutory holiday in Vancouver, British Columbia;

"**Circular**" means this management information circular;

"**COB or Change of Business**" means by virtue of the Acquisition, the change of business of the Company to that of a mineral exploration and development company, a business that is substantially different from the previous business carried on by QMI Seismic Inc.;

"**Common Shares**" means the Class A common shares of the Company;

"**Company**" means QMI Seismic Inc. which will change its name with the Registrar to Q Capital Inc. (or any other name the Board desires);

"**Computershare**" means Computershare Trust Company of Canada;

"**Effective Date**" means the date upon which the Acquisition becomes effective, after Exchange approval;

"**Exchange**" means the Canadian National Stock Exchange;

"**Gold Hill Property or the Property**" means The Property consists of two contiguous claims totaling 604.7385 hectares. Particulars are as follows:

<b>Tenure Number</b>	<b>Type</b>	<b>Claim Name</b>	<b>Good Until</b>	<b>Area (ha)</b>
<a href="#">842774</a>	Mineral	DIXIE EAST	20120111	161.2585
<a href="#">850021</a>	Mineral	GOLD HILL	20120329	443.48

Tenure 850021 envelopes the 54.66 hectare Mining Lease (Tenure 219970) which extends eastward from the western border of the Property for two kilometres.

"**Intermediaries**" refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders;

"**Meeting**" means the annual general and special meeting of the Shareholders to be held on June 16, 2011, and any adjournment(s) or postponement(s) thereof;

**"Notice of Meeting"** means the notice of an annual and special meeting of the Shareholders in respect of the Meeting;

**"NI 43-101"** means National Instrument 43-101, Standards of Disclosure for Mineral Projects, of the Canadian Securities Administrator;

**"Ordinary Resolution"** means a resolution required to be approved by 50% plus one of the votes cast by those Shareholders who (being entitled to do so) vote in person or by proxy at the Meeting;

**"Preferred Shares"** means the Class B preferred shares, Series 1, issued by the Company which provide for the conversion of one Class B preferred share into one Common Share upon the Effective Date of the Acquisition;

**"Proposed Private Placement"** refers to a private placement which the Company will complete shortly after the AGM in order to provide available funds for general working capital of approximately \$200,000. This private placement will comply with the normal regulations of the CNSX. Each unit price will be no less than 25% of the trading price of the listed shares.

**"Proxy"** means the form of proxy accompanying this Circular;

**"Registered Shareholder"** means a registered holder of Common Shares of the Company as recorded in the shareholder register of the Company maintained by Computershare;

**"Registrar"** means the Registrar of Companies under the Act;

**"SEDAR"** means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators;

**"Shareholder"** means a holder of Common Shares of the Company;

**"Stock Options"** means the non-assignable stock options granted pursuant to the Stock Option Plan; and

**"Stock Option Plan"** means a stock option plan of the Company that provides for the issuance of Stock Options to the officers, employees, directors and consultants of the Company, allowing them to subscribe for a maximum of 10% of the outstanding Common Shares.

**"Technical Reports"** means the technical report entitled "TECHNICAL REPORT & PROPOSED EXPLORATION on the GOLD HILL PROPERTY" dated May 20, 2011 prepared for the Company by Laurence Sookochoff, P.Eng.

## SUMMARY

The following is a summary of information relating to the Company, the Change of Business and certain other matters and should be read together with the more detailed information and financial data and statements contained elsewhere in this Information Circular. This Summary is qualified in its entirety by the more detailed information appearing or referred to elsewhere in this Circular and the schedules attached hereto.

### THE MEETING

The Meeting will be held at 1250 West Hastings Street, Vancouver, British Columbia, on June 16, 2011 at 10:00 a.m. (Vancouver time). The Record Date for determining the Shareholders eligible to vote at the Meeting is April 29, 2011. At the Meeting, the Shareholders will be asked among other things, to vote on the election of directors, the appointment of an auditor, to consider and, if thought fit, to pass the resolutions approving the change of name and business of the Company related to the Acquisition of the Gold Hill Property. No securities of the Company are being issued in consideration for the Acquisition, and the current Board of Directors and management of the Company will not change as a result of the transactions contemplated in this Information Circular.

### THE CHANGE OF BUSINESS AND ACQUISITION OF THE GOLD HILL PROPERTY

The Company is a publicly traded technology distribution and marketing company operating in British Columbia, Canada. At the Meeting, the Shareholders will be asked to approve the Change of Business which will result in the Company commencing the business of a mineral exploration and development company, being a business that is substantially different from the business previously conducted by it, by virtue of the Acquisition of the Gold Hill Property.

In this transaction, the Company will acquire 100% of the Gold Hill Property by completing an acquisition payment of \$6,500.

### RECOMMENDATION AND APPROVAL OF THE BOARD OF DIRECTORS

**The Directors of the Company have concluded that the Change of Business with the Acquisition of the Gold Hill Property is fair and reasonable to, and in the best interests of, the Company and the Shareholders. The Board recommends that Shareholders vote FOR the approval of the Change of Business.**

### TECHNICAL REPORT

Laurence Sookchohoff, P.Eng. prepared the Technical Report. The Technical Report is available for viewing at the Company's head office at any time during regular business hours prior to and at the Meeting and on the SEDAR website at [www.sedar.com](http://www.sedar.com) under the Company's profile.

### STOCK OPTION PLAN

The Board has adopted a rolling 10% Stock Option Plan as more particularly described in the Circular. The purpose of the Stock Option Plan is to provide an incentive to employees, directors, officers and consultants who provide services to the Company. A simple majority of the eligible votes cast by Shareholders at the Meeting, present or voting by proxy, is required to approve the Stock Option Plan.

### NAME CHANGE

The Board of Directors has approved the change of the Company's name to "Q Capital Inc." (or such other name as desired by the Directors). The proposed change of name will be effective when accepted by the Exchange. No new certificates representing the Shares will be sent to Shareholders in connection with this change of name of the Company.

**STOCK EXCHANGE LISTINGS**

The Common Shares are currently listed and traded on the Exchange and will continue to be listed on the Exchange following Change of Business. However, the Common Shares will commence trading as Q Capital Inc. shares under a new symbol and CUSIP number.

**RISK FACTORS**

In considering whether to vote for the approval of the Change of Business to a resource issuer, Shareholders should be aware that there are various risks, including those described in the Section entitled "Risk Factors" in this Circular. Shareholders should carefully consider these risk factors, together with other information included in this Circular, before deciding whether to approve the Change of Business.

**QMI SEISMIC INC.**  
1250 West Hastings St.  
Vancouver, B.C.  
V6E 2M6

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS  
TO BE HELD ON JUNE 16, 2011**

**NOTICE IS HEREBY GIVEN** that the first annual general meeting (the “**Meeting**”) of the shareholders of QMI SEISMIC Inc. (“**QMI**” or the “**Company**”) will be held at 1250 West Hastings St., Vancouver, B.C., on Thursday, June 16, 2011, at 10:00 a.m. (Vancouver time) for the following purposes:

1. To receive the audited financial statements of the Company for the year ended December 31, 2010 and the report of the auditor on those statements.
2. To fix the number of directors for the ensuing year at three.
3. To elect directors for the ensuing year.
4. To appoint the auditor for the Company for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditor.
5. To consider and, if thought advisable, to pass, with or without variation, an ordinary resolution to affirm, ratify and approve the Company's stock option plan.
6. To approve change of name of the Company to approve the change of business of the Company to resource issuer.
7. To transact such other business as may properly come before the Meeting or any adjournments thereof.

A shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. If you are unable to attend the Meeting in person, please read the Information Circular and enclosed proxy (the “**Proxy**”) and then complete, sign, date and return the Proxy, together with the power of attorney or other authority, if any, under which it was signed, or a notarially certified copy, to the Company’s registrar and transfer agent, Computershare Investor Services Inc., at 510 Burrard Street, 3<sup>rd</sup> Floor, Vancouver, B.C. V6C 3B9 at least 48 hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting or any adjournment.

As set out in the notes to the Proxy, the Proxy is solicited by management, but you may amend it, if you so desire, by striking out the names listed on it and inserting in the space provided the name of the person you wish to represent you at the Meeting.

Unregistered shareholders who received the Proxy through an intermediary must deliver the proxy in accordance with the instructions given by the intermediary.

DATED at Vancouver, British Columbia, this 20<sup>th</sup> day of May, 2011.

**QMI SEISMIC INC.**

(Signed) “*Navchand Jagpal*”

By: Navchand Jagpal.  
President and Chief Executive Office



**QMI SEISMIC INC.  
INFORMATION CIRCULAR**

The information contained in this Information Circular, unless otherwise indicated, is as of May 20<sup>th</sup>, 2011.

This Information Circular is being mailed by the management of the Company to everyone who was a shareholder of record of the Company on April 29, 2010, which is the date that has been fixed by the directors of the Company as the record date to determine the shareholders who are entitled to receive notice of the Meeting.

This Information Circular is furnished in connection with the solicitation of proxies by and on behalf of management for use at the first annual general meeting of the shareholders of the Company that is to be held on Thursday, June 16, 2011 at 10:00 a.m. (Vancouver time) at 1250 West Hastings Street, Vancouver, B.C.

The solicitation of proxies will be primarily by mail. Certain employees or directors of the Company may also solicit proxies by telephone or in person. The cost of solicitation will be borne by the Company.

Under QMI's Articles, the quorum for the transaction of business at a meeting of shareholders is two or more shareholders who are present in person, or who are represented by proxy, shareholders who, in the aggregate, hold at least one-twentieth of the issued shares entitled to be voted at the meeting. If such a quorum is not present in person or by proxy, the Meeting will be rescheduled.

## **GENERAL PROXY INFORMATION**

### **APPOINTMENT OF PROXYHOLDER**

The purpose of a proxy is to designate persons who will vote the proxy on a Shareholder's behalf in accordance with the instructions given by the Shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or Directors of the Company (the "**Management Proxyholders**").

**A Shareholder has the right to appoint a person other than a Management Proxyholder, to represent the Shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a Shareholder.**

### **VOTING BY PROXY**

**Only registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting.** Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the Shareholder on any ballot that may be called for and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly.

**If a Shareholder does not specify a choice and the Shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.**

**The enclosed form of proxy also gives discretionary authority to the person named therein as proxy holder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting.** At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

## COMPLETION AND RETURN OF PROXY

You may indicate on your form of proxy how you wish your proxyholder to vote your shares. To do this, simply mark the appropriate boxes on the form of proxy. If you do this, your proxyholder must vote your shares according to your instructions.

**If you do not give any instructions as to how to vote on a particular issue to be decided at the Meeting, your proxyholder can vote your shares as he or she thinks fit.**

At the time of printing this Information Circular, the management of QMI is not aware of any other matter to be presented for action at the Meeting. If, however, other matters do properly come before the Meeting, the persons named on the enclosed form of proxy will vote on them in accordance with their best judgment, pursuant to the discretionary authority conferred by the form of proxy with respect to such matters.

**If you have appointed the Management Proxyholders as your proxyholder, they will, unless you give contrary instructions, vote your shares at the Meeting as follows:**

- ✓ **FOR change of business to resource issuer;**
- ✓ **FOR name change;**
- ✓ **FOR the election of the proposed nominees as directors;**
- ✓ **FOR the appointment of Dale Matheson Carr-Hilton LaBonte LLP, Chartered Accountants, as the auditor of QMI;**
- ✓ **FOR the resolution to authorize the directors to fix the remuneration to be paid to the auditor;**
- ✓ **FOR the approval and ratification of the QMI Stock Option Plan;**

## REVOCABILITY OF PROXY

If you want to revoke your proxy after you have delivered it, you can do so at any time before it is used. You may do this by

- (a) attending the Meeting and voting in person;
- (b) signing a proxy bearing a later date;
- (c) signing a written statement which indicates, clearly, that you want to revoke your proxy and delivering this signed written statement to QMI at 1250 West Hastings Street, Vancouver, B.C., V6E 2M4; or
- (d) any other manner permitted by law.

Your proxy will only be revoked if a revocation is received by 5:00 in the afternoon (Vancouver time) on the last business day before the day of the Meeting, or any adjournment thereof, or delivered to the person presiding at the Meeting before it (or any adjournment) commences. If you revoke your proxy and do not replace it with another that is deposited with us before the deadline, you can still vote your shares but to do so you must attend the Meeting in person. **Only registered shareholders may revoke a proxy. If your shares are not registered in your own name and you wish to change your vote, you must, at least 7 days before the Meeting, arrange for your nominee to revoke your proxy on your behalf (see below under “Non-Registered Shareholders”).**

## REGISTERED SHAREHOLDERS

Registered Shareholders may wish to vote by Proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a Proxy may do so by completing, dating and signing the enclosed form of Proxy and returning it to the Company's transfer agent, Computershare Investor Services Inc., by fax at 1-866-249-7775 or by mail to Proxy Department, 3rd Floor, 510 Burrard Street, Vancouver, British Columbia V6C 3B9 not less than 48 hours (excluding Saturdays and holidays) before the time fixed for the Meeting or any adjournment(s) or postponement(s) of the Meeting.

## NON-REGISTERED SHAREHOLDERS

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Some shareholders of the Company are “non-registered shareholders” because the shares they own are not registered in their names but are instead registered in the name of a “nominee”, usually a brokerage firm, bank, or trust company through which they purchased the shares.** Sometimes the shares are held in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“CDS”) of which the nominee is a participant or in the United States, under the name of Cede & Co. as nominee for The Depository Trust Company which acts as depositary for many U.S. brokerage firms and custodian banks.

If your shares are not registered in your own name, we will not have a record of your name and, as a result, unless your nominee has appointed you as a proxyholder, will have no knowledge of your entitlement to vote. If you wish to vote in person at the Meeting, therefore, please insert your own name in the space provided on the form of proxy or voting instruction form that you have received from your nominee. If you do this, you will be instructing your nominee to appoint you as proxyholder. It is not necessary to complete the form in any other respect, since you will be voting at the Meeting in person.

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of these meeting materials including the Notice of Meeting, this Information Circular and the Proxy to the clearing agencies and nominees for onward distribution to Non-Registered Holders (collectively, the “**Meeting Materials**”).

Nominees are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Nominees will use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy **which has already been signed by the Nominee** (typically by a facsimile, stamped signature), that shows the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. Because the Nominee has already signed the form of proxy, a Non-Registered Holder who wishes to vote their shares completes the form of proxy and delivers it to **Computershare Investor Services** as noted above; or
- (b) more typically, the Non-Registered Holder receives a voting instruction form **which is not signed by the Nominee**, and which, when properly completed and signed by the Non-Registered Holder and **returned to the Nominee or its service company**, will become the voting instructions (often called a “proxy authorization form” or “voting instruction form”, VIF) that the Nominee must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions, and has a removable label containing a bar code and other information. The Non-Registered Holder must remove the label from the instructions and affix it to the form of proxy to validate the form and must also properly complete and sign the form of proxy and return it to the Nominee or its service company in according to the Nominee’s instructions.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the shares, which they beneficially own. Should a Non-Registered Holder who receives one of the above forms wish to vote at the meeting in person, the Non-Registered Holder should strike out the names of the Management Proxyholders and insert the Non-Registered Holder’s name in the blank space provided.

**In either case, Non-Registered Holders should carefully follow the instructions of their Nominee, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

*The Notice of Meeting, this Information Circular and form of proxy are being sent to both registered and nonregistered owners of the Company's common shares. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of the Company's common shares, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions form.*

## **VOTING SHARES AND THE PRINCIPAL HOLDERS THEREOF**

### **OUTSTANDING QMI SHARES**

The Company has only one class of shares entitled to be voted at the Meeting, namely, common shares without par value. All issued shares are entitled to be voted at the Meeting and each has one vote. As of April 29, 2010 there were 23,608,372 common shares issued and outstanding.

### **PRINCIPAL HOLDERS OF QMI SHARES**

Only those common shareholders of record as of April 29, 2010 will be entitled to vote at the Meeting or any adjournment thereof. To the knowledge of the directors and executive officers of the Company, no person beneficially owns, directly or indirectly, or exercises control or direction over shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company which have the right to vote in all circumstances.

## **THE BUSINESS OF THE MEETING**

### **FINANCIAL STATEMENTS**

The audited financial statements of the Company for the year ended December 31, 2010 will be placed before you at the Meeting. These financial statements and MD&A are available for review on SEDAR. Shareholders can request a copy of our future financial statements and MD&A by completing our supplemental request card which accompanies the Notice of Meeting and this Information Circular.

### **ELECTION OF DIRECTORS**

Directors of the Company are elected for a term of one year. The term of office of each of the nominees proposed for election as a director will expire at the Meeting, and each of them, if elected, will serve until the close of the next annual general meeting, unless he resigns or otherwise vacates office before that time. Under QMI's Articles and pursuant to the *Business Corporations Act* (British Columbia), the number of directors cannot be fewer than 3. QMI currently has 3 directors.

Management proposes to nominate the persons named under the heading "Nominees for Election" below for election as directors of the Company.

It is proposed to fix the number of directors at three. This requires the approval of the shareholders of the Company by an ordinary resolution, which approval will be sought at the Meeting.

### **Nominees for Election**

The following information relating to the nominees for directors is based partly on the Company's records and partly on information received by the Company from the nominees, it states the name of each person proposed to be nominated by management for election or re-election as a director, all offices of the Company now held by him, his principal occupation, the period of time for which he has been a director of the Company and the number of common shares of the Company beneficially owned by him, directly or indirectly, or over which he exercises

control or direction, as at the date hereof.

While management does not contemplate that the Nominees will be unable to serve as directors, if prior to the Meeting a vacancy occurs in this slate of Nominees for any reason, the management representatives designated in the Proxy solicited in respect of the Meeting shall have the discretionary authority to vote for the election of any other person as director. Proxies received by the directors on which no designation is made will be voted for the Nominees for election as directors or any substitute nominee thereof as may be determined by management, if necessary.

Name, Municipality of Residence and Position with Company	Present Principal Occupation	Director Since	Shares Owned <sup>(2)</sup>
<b>Navchand Jagpal</b> Surrey, BC Canada <i>President and CEO</i>	Navchand Jagpal has been President, CEO and a director of Lucky Minerals Inc., a mineral property exploration and development company, since June 2009. He is also a director of Arris Holdings Inc. (since October 2009), an investment company, and Grand Peak Capital Corp. (since July 2006), a merchant banking company. All of these companies are publicly traded companies in Canada.	October 16, 2009 (since inception)	Nil
<b>Thomas Kennedy<sup>(1)</sup></b> Vancouver, BC Canada <i>Director</i>	Mr. Kennedy brings over 20 years of experience as a director and officer of various public companies. He currently is a director and/or officer of several publicly listed companies providing legal, management and financial service	February 23, 2011	
<b>Gurdeep Johal<sup>(1)</sup></b> Surrey, BC Canada <i>Director</i>	Mr. Johal brings considerable experience within the regulatory and compliance aspects of public companies. He currently acts as a consultant and advisor for publicly listed companies providing management services.	April 5, 2011	Nil

(1) Member of audit committee.

Under the provisions of the *Business Corporations Act* (British Columbia) the Company is required to have an audit committee whose members are indicated above.

**Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the election of the three nominees as directors of the Company for the ensuing year.**

Corporate Cease Trade Orders or Bankruptcy

Save and except as set out below, as of the date of this Information Circular, no proposed nominee for election as a director of the Company is, or has been, within ten 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:

- (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period or more than 30 consecutive days; or
- (c) 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

Save and except as set forth below, as of the date of this Information Circular, no proposed nominee for election as a director of the Company is, or has been, subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely to be considered important to a reasonable investor making an investment decision.

### Personal Bankruptcy

As of the date of this Information Circular, no proposed nominee for election as a director of the Company has, within the ten years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

### Conflicts of Interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interest of the Company and to disclose any interests which they may have in any project or opportunity of the Company. If a Conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, that directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Except as disclosed in this Information Circular, to the best of the Company's knowledge, there are no known existing or potential conflicts of interest among the Company and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management may from time to time serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of those other companies.

## **APPOINTMENT OF THE AUDITOR**

ACAL Group, Chartered Accounts have resigned as the Company's auditors, management has accepted their resignation and appointed Dale Matheson Carr-Hilton LaBonte LLP, Chartered Accountants of 1500-1140 West Pender Street, Vancouver, BC V6E 4G1 on April 06, 2011 to serve as the Company's auditor until the next annual general meeting. See the Notice of Change of Auditor and accompanying letters from Dale Matheson Carr-Hilton LaBonte LLP and ACAL Group, Chartered Accountants filed with the applicable securities regulatory authorities by the Corporation pursuant to National Instrument 51-102 Continuous Disclosure Obligations attached as Schedule "A" to this Information Circular.

**Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the appointment of, Dale Matheson Carr-Hilton LaBonte LLP, Chartered Accountants as the auditor of the Company until the close of the next annual meeting and also intend to vote FOR the proposed resolution to authorize the Board of Directors to fix the remuneration to be paid to the auditor.**

## **APPROVAL OF STOCK OPTION PLAN**

Management is seeking shareholder approval for the adoption of the stock option plan (the "Stock Option Plan") and the approval of the number of shares reserved for issuance under the Stock Option Plan in accordance with and subject to the rules and policies of the Canadian National Stock Exchange (the "CNSX"). The Board of Directors of the Company has established an incentive stock option plan (the "Stock Option Plan") reserving a rolling 10% of the issued and outstanding shares of the Company from time to time. The purpose of the Stock Option Plan is to

provide incentive to employees, directors, officers, management companies, and consultants who provide services to the Company and to reduce the cash compensation the Company would otherwise have to pay.

#### Terms of the Stock Option Plan

A full copy of the Stock Option Plan will be available at the Annual General Meeting for review by shareholders. Shareholders may also obtain copies of the Stock Option Plan from the Company prior to the meeting on written request. The following is a summary of the material terms of the Stock Option Plan:

Number of Shares Reserved. The number of common shares which may be issued pursuant to options granted under the Stock Option Plan (including all options granted by the Company prior to the adoption of the Stock Option Plan) shall equal 10% of the issued and outstanding shares of the Company from time to time at the date of grant.

Maximum Term of Options. The term of any options granted under the Stock Option Plan is fixed by the Board of Directors and may not exceed five years from the date of grant. The options are non-assignable and non-transferable.

Exercise Price. The exercise price of options granted under the Stock Option Plan is determined by the Board of Directors, provided that it is not less than the price permitted by the CNSX, or, if the shares are no longer listed on the CNSX, then such other exchange or quotation system on which the shares are listed or quoted for trading.

Amendment. The terms of an option may not be amended once issued under CNSX requirements. If an option is cancelled prior to the expiry date, the Company shall not grant new options to the same person until 30 days have elapsed from the date of cancellation.

Vesting. Vesting, if any, and other terms and conditions relating to such options shall be determined by the Board of Directors of the Company or senior officer or employee to which such authority is delegated by the Board from time to time and in accordance with CNSX requirements.

Termination. Any options granted pursuant to the Stock Option Plan will terminate generally within 90 days of the option holder ceasing to act as a director, officer, or employee of the Company or any of its affiliates, and within generally 30 days of the option holder ceasing to act as an employee engaged in investor relations activities, unless such cessation is on account of death. If such cessation is on account of death, the options terminate on the first anniversary of such cessation. If such cessation is on account of cause, or terminated by regulatory sanction or by reason of judicial order, the options terminate immediately. Options that have been cancelled or that have expired without having been exercised shall continue to be issuable under the Stock Option Plan. The Stock Option Plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision, conversion, or exchange of Company's shares.

Administration. The Stock Option Plan is administered by the Board of Directors of the Company or senior officer or employee to which such authority is delegated by the Board from time to time.

Board Discretion. The Stock Option Plan provides that, generally, the number of shares subject to each option, the exercise price, the expiry time, the extent to which such option is exercisable, including vesting schedules, and other terms and conditions relating to such options shall be determined by the Board of Directors of the Company or senior officer or employee to which such authority is delegated by the Board from time to time and in accordance with CNSX requirements.

Shareholders will be asked to approve the following resolution:

“BE IT RESOLVED that the Stock Option Plan be and is hereby approved, that in connection therewith a rolling 10% of the issued and outstanding shares from time to time be approved for granting as options and that the board of directors be and they are hereby authorized, without further shareholder approval, to make such changes to the Stock Option Plan as may be required or approved by regulatory authorities and that the reservation under the Stock Option Plan of up to a maximum of 10% of the issued shares of the Company, on a rolling basis, as at the time of granting of the stock option pursuant to the Stock Option Plan be and the same is hereby authorized and approved.”

The Company's management recommends that shareholders vote in favour of the resolution to ratify and approve the Stock Option Plan.

**Unless you give instructions otherwise, the Management Proxyholders intend to vote FOR the approval and ratification of the QMI Stock Option Plan.**

As at April 29, 2011, the record date, the Company had a total of 23,608,372 common shares issued and outstanding.

### **EXECUTIVE COMPENSATION**

As defined under applicable securities legislation, the company had two 'Named Executive Officers' during the financial year ended June 30, 2010 as set out below.

Navchand Jagpal – President and Chief Executive Officer

Jamie Lewin – Chief Financial Officer

#### **Definitions:**

**For the purpose of this Information Circular:**

**"CEO"** means an individual who acted as chief executive officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

**"CFO"** means an individual who acted as chief financial officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

**"closing market price"** means the price at which the Company's security was last sold, on the applicable date,

(a) in the security's principal marketplace in Canada, or

(b) if the security is not listed or quoted on a marketplace in Canada, in the security's principal marketplace;

**"company"** includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

**"equity incentive plan"** means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of Section 3870 of the Handbook;

**"external management company"** includes a subsidiary, affiliate or associate of the external management company;

**"grant date"** means a date determined for financial statement reporting purposes under Section 3870 of the Handbook;

**"Handbook"** means the Handbook of the Canadian Institute of Chartered Accountants, as amended from time to time;

**"incentive plan"** means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

**"incentive plan award"** means compensation awarded, earned, paid, or payable under an incentive plan;

**"NEO" or "named executive officer"** means each of the following individuals:

(a) a CEO;

(b) a CFO;

(c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, 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(6) of National Instrument 51-102, for that financial year; and

(d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year;

**"NI 52-107"** means National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;

**"non-equity incentive plan"** means an incentive plan or portion of an incentive plan that is not an equity incentive plan;



**"option-based award"** means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features;

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

**"replacement grant"** means an option that a reasonable person would consider to be granted in relation to a prior or potential cancellation of an option;

**"repricing"** means, in relation to an option, adjusting or amending the exercise or base price of the option, but excludes any adjustment or amendment that equally affects all holders of the class of securities underlying the option and occurs through the operation of a formula or mechanism in, or applicable to, the option;

**"share-based award"** means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

## COMPENSATION DISCUSSION AND ANALYSIS

### Goals and Objectives

The main objective of the Company's executive compensation program is to attract, retain, and engage high-quality, high-performance executives who have the experience and ability to successfully execute the Company's strategy and deliver value to the Shareholders. The objectives of the Company's executive compensation program are as follows:

- (i) compensate executives competitively for the leadership, skills, knowledge, and experience necessary to perform their duties;
- (ii) align the actions and economic interests of executives with the interests of the Shareholders; and
- (iii) encourage retention of executives.

Given the Company's current stage of development, the Board of Directors has not established a formal compensation committee. It is the Board as a whole who is responsible for determining the final compensation (including long-term incentive in the form of stock options) to be granted to the Company's executive officers and directors to ensure that such arrangements reflect the responsibilities and risks associated with each position. Management directors are required to abstain from voting in respect of their own compensation thereby providing the independent members of the Board with considerable input as to executive compensation.

The Company's executive compensation program focuses primarily on rewarding the efforts of its executives in increasing shareholder value and meeting the Company's goals. The Board reviews on an annual basis the corporate goals and objectives relevant to executive compensation; evaluates each executive officer's performance in light of those goals and objectives and sets the executive officer's compensation level based, in part, on this evaluation. The Board also takes into consideration the Company's overall performance, shareholder returns, and the value of similar incentive awards to executive officers at comparable companies, and the awards given to executive officers in past years.

### Executive Compensation Program

The Board's compensation philosophy is aimed at attracting and retaining quality and experienced people which is critical to the success of the Company and may include a "pay-for-performance" element which supports the Company's commitment to delivering strong performance for the Shareholders.

Executive compensation is comprised of three elements: base fees (may be consulting fees) or salary, short-term incentive compensation (discretionary cash bonuses) and long-term incentive compensation (share options). The Board reviews all three components in assessing the compensation of individual executive officers and of the Company as a whole.

Base fees or salaries and bonuses (discretionary) are intended to provide current compensation and a short-term incentive for executive officer's to meet the Company's goals, as well as to remain competitive with the industry.

Base fees or salaries are compensation for job responsibilities and reflect the level of skills, expertise, and capabilities demonstrated by the executive officers. Executive officers are also eligible to receive discretionary bonuses as determined by the Board based on each officer's responsibilities, his achievement of individual and corporate objectives and the Company's financial performance.

Cash bonuses are intended to reward the executive officers for meeting or exceeding the individual and corporate performance objectives set by the Board.

Stock options are an important part of the Company's long-term incentive strategy for its officers, permitting them to participate in any appreciation of the market value of the Company's shares over a stated period of time, and are intended to reinforce commitment to long-term growth and shareholder value. Stock options reward overall corporate performance as measured through the price of the Company's shares and enables executives to acquire and maintain an ownership position in the Company.

### **Option Based Awards**

Executive officers of the Company, as well as directors, employees and consultants, are eligible to participate in the Company's stock option plan (the "Stock Option Plan") to receive grants of stock options. Individual stock options are granted by the Board as a whole and the size of the options is dependent on, among other things, each officer's level of responsibility, authority and importance to the Company and the degree to which an officer's long term contribution to the Company will be crucial to its overall long-term success.

Stock options grants may be made periodically to ensure that the number of options granted to any particular officer is commensurate with the officer's level of ongoing responsibility within the Company. The Board will evaluate the number of options an officer has been granted, the exercise price of the options and the term remaining on those options when considering further grants. Options are usually priced at the closing trading price of the Company's shares on the business day immediately preceding the date of grant and the current policy of the Board is that options expire two to five years from the date of grant.

The Company has no arrangements, standard or otherwise, under which Directors are compensated by QMI for their services in their capacity as Directors, or for committee participation, or involvement in special assignments during the most recently completed financial year or subsequently, up to and including the date of this Information Circular.

The Company has a formalized stock option plan for the granting of incentive stock options to its officers, employees, consultants, and Directors. During the most recently completed financial year no stock options were granted and no stock options were exercised.

### **SUMMARY COMPENSATION TABLE**

The table on the next page sets out certain information respecting the compensation paid to the CEO and CFO. No executive officers other than the past and current CEOs and CFOs are named in this table as no executive officer, as of December 31, 2010, had a total compensation of more than \$150,000. These individuals are referred to collectively as the "Named Executive Officers" or "NEOs".

Name and Principal Position	Year (period) Ended	Annual Compensation			Long Term Compensation			All Other Compensation (\$)	Total (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts		
					Securities Under Options/SARs Granted (#)	Restricted Shares or Restricted Share Units (\$)	LTIP Payouts (\$)		
<b>Navchand Jagpal.</b> <i>President &amp; Chief Executive Officer</i>	period from inception to Dec 31/2010	17,000	Nil	Nil	Nil	Nil	Nil	Nil	17,000

Name and Principal Position	Year (period) Ended	Annual Compensation			Long Term Compensation			All Other Compensation (\$)	Total (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts		
					Securities Under Options/SARs Granted (#)	Restricted Shares or Restricted Share Units (\$)	LTIP Payouts (\$)		
<b>Jamie Lewin</b> <i>Chief Financial Officer</i>	period from inception to Dec 31/2010	6,183	Nil	Nil	Nil	Nil	Nil	Nil	6,183

## INCENTIVE PLAN AWARDS

### Outstanding Share-Based Awards and Option-Based Awards

No incentive options or shares were awarded to NEOs between the time of inception (October 16, 2009) and the year ended December 31, 2010.

NEO Name and Principal Position	Option-based Awards				Share-based Awards	
	Number of securities underlying exercised options	Option exercise price \$	Option expiration date	Value of unexercised in-the-money options \$	Number of shares or units of shares that have not vested	Market payout value of share-based awards that have not vested \$
<b>Navchand Jagpal</b> <i>President &amp; Chief Executive Officer</i>	Nil	Nil	N/A	Nil	Nil	Nil
<b>Jamie Lewin</b> <i>Chief Financial Officer</i>	Nil	Nil	N/A	Nil	Nil	Nil

### Incentive Plan Awards – Value Vested or Earned During the Year

The Company does not have any incentive plans, pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period is awarded, earned, paid or payable to the Named Executive Officer.

Name	Option-based awards – value vested or earned during the year \$	Share-based awards – value vested during the year \$	Non-equity incentive plan compensation – value earned during the year (\$)
<b>Navchand Jagpal</b> <i>President &amp; Chief Executive Officer</i>	Nil	Nil	Nil
<b>Jamie Lewin</b> <i>Chief Financial Officer</i>	Nil	Nil	Nil

## PENSION PLAN BENEFITS

The Company does not have any pension, retirement or deferred compensation plans, including defined contribution plans.

## TERMINATION AND CHANGE OF CONTROL BENEFITS

The Company has not entered into any compensatory plans, contracts or arrangements with any of its Named Executive Officers whereby those officers are entitled to receive compensation as a result of the resignation, retirement or any other termination of employment of the Named Executive Officer with the Company or from a change in control of the Company or a change in the Named Executive Officer's responsibilities following a change in control.

## COMPENSATION OF DIRECTORS

Non-management directors of the Company may receive fees in the form of an annual retainer fee of \$3,000 for their services as directors of the Company. In addition, directors may be paid an honorarium of \$400 per meeting attended in person and \$200 per meeting attended by teleconference. The directors are entitled to be reimbursed for reasonable expenditures incurred in performing their duties as directors and may receive cash bonuses from time to time which the Company awards to directors for serving in their capacity as a member of the board. Executive officers who also act as directors of the Company do not receive any additional compensation for services rendered in their capacity as directors.

Directors are entitled to participate in the Company's stock option plan, which is designed to give each option holder an interest in preserving and maximizing shareholder value over the longer term. Individual grants are determined by an assessment of each individual director's current and expected future performance, level of responsibilities and the importance of their position and contribution to the Company.

### Director Compensation Table

No compensation was provided to any Director, who is not also a Named Executive Officer, for the Company's most recently completed financial year. The Company has no arrangements, standard or otherwise, pursuant to which Directors are compensated by the Company or its subsidiaries for their services in their capacity as Directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this Information Circular.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following information is as of December 31, 2010, the Company's most recently completed financial year.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity Compensation plans approved by securityholders	5,100,000 <sup>(1)</sup>	\$0.124	260,837 <sup>(2)</sup>
Equity Compensation plans not approved by securityholders	N/A	N/A	N/A
Total:	5,100,000 <sup>(1)</sup>		260,837 <sup>(2)</sup>

**NOTES:**

- (1) The Company has a 10% rolling stock option plan under which there are no options granted as of May 20<sup>th</sup>, 2011. 2,100,000 options were cancelled as of April 20, 2011. See *APPROVAL OF STOCK OPTION PLAN* for further information.
- (2) Available securities available for issuance under the equity compensation plan as of May 20<sup>th</sup>, 2011 are 2,360,272.

**AUDIT COMMITTEE**

National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators (“NI 52-110”) requires the Company, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its audit committee and its relationship with its external auditor as set forth below.

**Mandate**

The primary function of the audit committee (the "Committee") is to assist the Board of Directors 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 Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- 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.
- Review and appraise the performance of the Company's external auditors.
- Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors

**The Audit Committee Charter**

The Company's audit committee is governed by an audit committee charter, the text of which is attached as Exhibit “A” to this Information Circular.

### **Composition of Audit Committee**

The Company's audit committee is comprised of three directors, Navchand Jagpal, Tom Kennedy, and Gurdeep Johal, of whom Tom Kennedy and Gurdeep Johal are considered "independent" as that term is defined in applicable securities legislation. As Chief Executive Officer, Mr. Jagpal is not independent.

All three audit committee members have the ability to read and understand 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 and are therefore considered "financially literate".

### **Responsibilities and Duties**

To fulfill its responsibilities and duties, the Committee shall:

#### **Documents/Reports Review**

- (a) Review and update this Charter annually.
- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, 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 of Directors and the Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of 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 of Directors take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, 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 auditors 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 auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - 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 revenues paid by the Company to its external auditors 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 Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom

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

#### Financial Reporting Processes

- (a) In consultation with the external auditors, 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 auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors 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 auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors 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 certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

#### Relevant Education and Experience

All of the audit Committee members are businessmen with experience in financial matters; each has an understanding of accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as the internal controls and procedures necessary for financial reporting, garnered from working in their individual fields of endeavour.

Navchand Jagpal is presently the Chief Executive Officer and President of Lucky Minerals Inc. and Grand Peak Capital Corporation both listed on the TSX-V. Mr. Jagpal has over 15 years of accounting and management experience with publicly listed companies.

Thomas Kennedy provides legal management and financial services to several public companies, including Global Tree Technologies Inc. and Cache Exploration Inc. Mr. Kennedy has served on the boards of multiple public companies listed on both the Exchange and on the CNSX.

Gurdeep Johal is a current director. Mr. Johal has several years of business experience in corporate and regulatory affairs. Mr. Johal has the relevant knowledge to make informed decisions as a member of the audit committee.

#### Audit Committee Oversight

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



### Reliance on Certain Exemptions

Since the effective date of NI 52-110, the Company 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 fiscal year in which the non-audit services were provided. Section 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

The audit committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter set out in Exhibit “D” to this Information Circular.

### External Audit Service Fees (By Category)

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

The fees paid by the Company to its external auditor for services rendered to the Company in each of the last two fiscal years, by category, are as follows:

Financial Year Ending	Audit / Audit Related Fees	Tax Fees	All Other Fees
December 31, 2010	10,000	Nil	Nil

### Exemption

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

## CORPORATE GOVERNANCE

Corporate governance relates to the activities of the board of directors of the Company (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. The Board and senior management consider good corporate governance to be central to the effective and efficient operation of the Company.

National Policy 58-201 *Corporate Governance Guidelines* (“NP 58-201”) establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its 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.

National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“NI 58-101”) also requires the Company to disclose annually in its Information Circular certain information concerning its corporate governance practices. As a “venture issuer” the Company is required to make these disclosures with reference to the requirements of Form 58-101F2, this disclosure is provided below.

## **BOARD OF DIRECTORS**

### Structure and Composition

The Board is currently composed of three directors. All of the proposed nominees for election as directors at the 2010 annual general meeting are currently directors of the Company. NP 58-201 suggests that the board of directors of every listed company should be constituted with a majority of individuals who qualify as “independent” directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect “material relationship” with the company. “Material relationship” is defined as a relationship which could, in the view of the Company’s board of directors be reasonably expected to interfere with the exercise of a director’s independent judgment. The Company has determined independence as follows:

<b>Name</b>	<b>Independent</b>	<b>Determination of Independence</b>
<b>Navchand Jagpal.</b> <i>President &amp; Chief Executive Officer</i>	N	Navchand Jagpal, as President and CEO of the Company, is an “inside” or management director and accordingly is considered “non-independent”.
<b>Tom Kennedy</b> <i>Director</i>	Yes	Tom Kennedy is an outside director who does not participate in the management of the Company. He is not an officer, nor does he provide services to the Company other than in his role as director. Mr. Kennedy did not receive any compensation for the period ended December 31, 2010 and is therefore considered an independent director.
<b>Gurdeep Johal</b> <i>Director</i>	Yes	Gurdeep Johal is an outside director. He is not an officer, nor does he provide services to the Company other than in his role as director. His compensation for the period ended December 31, 2010 was less than \$75,000 and is therefore independent.

Following the Meeting, the Board will have 2 independent directors, and 1 “non-independent” director. The Company has a majority of independent Board members which meets the requirement for independence and is in the best interests of the Company.

### Mandate of the Board

The mandate of the Board is to manage or supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company’s affairs directly and through its committees (see “*Committees of the Board of Directors*” below). In fulfilling its mandate, the Board, among other matters, is responsible for reviewing and approving the Company’s overall business strategies and its annual business plan, reviewing and approving the annual corporate budget and forecast, reviewing and approving significant capital investments outside the approved budget; reviewing major strategic initiatives to ensure that the Company’s proposed actions accord with shareholder objectives; reviewing succession planning; assessing management’s performance against approved business plans and industry standards; reviewing and approving the reports and other disclosure issued to shareholders; ensuring the effective operation of the Board; and safeguarding shareholders’ equity interests through the optimum utilization of the Company’s capital resources. The Board also takes responsibility for identifying the principal risks of the Company’s business and for ensuring these risks are effectively monitored and mitigated to the extent reasonably practicable. At this stage of the

Company's development, the Board does not believe it is necessary to adopt a written mandate, as sufficient guidance is found in the applicable corporate and securities legislation and regulatory policies. However, as the Company grows, the Board will move to develop a formal written mandate.

In keeping with its overall responsibility for the stewardship of the Company, the Board is also responsible for the integrity of the Company's internal control and management information systems and for the Company's policies respecting corporate disclosure and communications.

The Board delegates to management, through the Chief Executive Officer and the Chief Financial Officer, responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company's business in the ordinary course, managing the Company's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans, and annual operating plans.

Currently, the positions of President and Chief Executive Officer are combined. However, given the size of the Company's current operations, the Board believes that the Company is well serviced and the independence of the Board from management is not compromised by the combined role. In addition, the Board has found that the fiduciary duties placed on management by the Company's governing corporate legislation and common law and the restrictions on an individual director's participation in decisions of the Board in which the director has an interest under applicable corporate and securities legislation provide the "independent" directors with significant input and leadership in exercising their responsibilities for independent oversight of management. In addition, each member of the Board understands that he is entitled to seek the advice of an independent expert if he reasonably considers it warranted under the circumstances and the "independent" directors have the ability to meet independently of management whenever deemed necessary. As of the year ended December 31, 2010 the independent directors have not exercised their right to meet independently of management given the Company's limited operations at the current time; as such the decisions required of the board have been considered routine and in the ordinary course of business, the independent directors have not deemed it necessary to review such materials separate and apart from management.

### Directorships

As of the date of this Information Circular, the directors listed in the table that follows are currently directors and/or officers of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction.

Name of Director	Other Reporting Issuer
Navchand Jagpal	Grand Peak Capital Corp. Lucky Minerals Inc. Arris Holdings Inc.
Thomas Kennedy	Acadia Resources Corp. Blind Creek Resources Ltd. Cache Exploration Inc. First Pursuit Ventures Inc. Golden Cross Resources Inc. Grand Peak Capital Corp. Maxtech Ventures Inc. Meadow Bay Gold Corporation Ona Power Corp. Simba Gold Corp. Urastar Energy Inc.

### **Ethical Business Conduct**

The Board of Directors expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives.

However, to date, the Board has not adopted a formal written Code of Business Conduct and Ethics. The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate and securities legislation on the individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company and its shareholders.

In addition, the limited size of the Company's operations and the small number of officers and employees allows the Board to monitor on an ongoing basis the activities of management and to ensure that the highest standard of ethical conduct is maintained. As the Company grows in size and scope, the Board anticipates that it will formulate and implement a formal Code of Business Conduct and Ethics.

### **Nomination, Education and Assessment**

Given its current size and stage of development, the Board has not appointed a nominating committee and these functions are currently performed by the Board as a whole. Nominees are generally the result of recruitment efforts by Board members, including both formal and informal discussions among Board members and the President, and proposed directors' credentials are reviewed in advance of a Board meeting with one or more members of the Board prior to the proposed director's nomination.

New directors are briefed on strategic plans, short, medium, and long term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing company policies. However, there is no formal orientation for new members of the Board, and this is considered to be appropriate, given the Company's size and current operations.

The skills and knowledge of the Board of Directors as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies. Board members 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. Board members have full access to the Company's records. Reference is made to the table under the heading "Election of Directors" in "*THE BUSINESS OF THE MEETING*" for a description of the current principal occupations of the Company's Board.

The Board does not, at present, have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. Based on the Company's current size, its stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time. The Board plans to continue evaluating its own effectiveness and the effectiveness and contribution of its committees or individual directors on an ad hoc basis.

### **Committees of the Board of Directors**

At the present time, the Board of Directors of the Company has appointed only an audit committee. The audit committee is comprised of Navchand Jagpal (Chair), Thomas Kennedy and Gurdeep Johal; it is ultimately

responsible for the policies and practices relating to integrity of financial and regulatory reporting of the Company, as well as internal controls to achieve the objectives of safeguarding the Company's assets; reliability of information; and compliance with policies and laws. For further information regarding the mandate of the Company's audit committee, its specific authority, duties and responsibilities, as well as the Audit Committee Charter, "AUDIT COMMITTEE" in this Information Circular.

As the Company evolves, and its operations and management structure become more complex, the Board will likely find it appropriate to constitute additional standing committees, such as a formal Governance Committee, a Compensation Committee, and a Nominating Committee, and to ensure that such committees are governed by written charters and are composed of at least a majority of independent directors.

### **Compensation**

Given the Company's current size and stage of development, the Board of Directors has not appointed a formal compensation committee, but instead the independent directors make recommendations to the Board regarding executive compensation (including long-term incentive in the form of stock options) to be paid to the Company's executive officers having regard to the responsibilities and risks associated with each position.

In addition, compensation to be paid to executive officers who are also directors must be approved by the disinterested directors thereby providing the non-executive officer directors with significant input into compensation decisions. See "EXECUTIVE COMPENSATION – Compensation of Named Executive Officers" above for details of the compensation paid to the Company's Named Executive Officers.

The board of directors also adopted certain standard fees to be paid to the Company's non-management directors for their services, in addition to the granting of incentive stock options from time to time. See "EXECUTIVE COMPENSATION – Compensation of Directors" above.

## **DISCLOSURE OF TARGET ASSETS AND CHANGE OF BUSINESS**

### **Summary of Transaction and Change of Business**

The Company does not currently carry on an active business. Subject to Shareholder and regulatory approval, the Company proposes to effect a Change of Business by acquiring an interest in the Gold Hill Property and becoming a mineral exploration and development company. The Company intends to change its name to such name as desired by the Directors of the Company, whether or not Shareholder or regulatory approval is obtained for the Change of Business.

See "Gold Hill Property, British Columbia" under the heading "Information Concerning the Company After Change of Business" below for details of consideration to be paid by the Company for the Acquisition of the Gold Hill Property.

See "Information Concerning the Company After Change of Business" below for a description of geological information regarding the Bruner Property.

Management also intends to continue to assess, explore and, if feasible, seek out further potential opportunities in the mining industry for the Company and its Shareholders.

As disclosed under the headings "Available Funds" and "Principal Purposes" below, the Company anticipates using the Available Funds to develop its acquired interest in the Gold Hill Property, specifically towards a first year work

program on the Gold Hill Property, and for general working capital and other corporate purposes. There may be circumstances, however, where for sound business reasons a reallocation of funds may be necessary. See "Principal Purposes" below for particulars.

### **Risk Factors**

***An investment in the Shares of the Company should be considered highly speculative. An investor should carefully consider the following factors, which assume the completion of the Change of Business.***

*Limited History* – Assuming the Acquisition is completed and the Initial Option is exercised, the Company will be an exploration and development company in the mining industry. At present, there is no revenue from the Property, and there can be no assurance that the Company's operations will be profitable in the future. The continued operation of the Company will be dependent upon its ability to generate additional operating revenue and to procure additional financing.

*Need for Additional Financing* – There is no assurance that exploration on the Property will be successful. If such exploration is successful, however, the Company may need to raise additional financing to finance the Expenditures (reference is made to the discussion under the heading "Information

*Concerning the Company After Change of Business* – ("Gold Hill Property, British Columbia" below for Expenditures required) required to exercise the Initial Option and acquire an interest in the Property. There is no assurance that such financing will be available on terms acceptable to the Company or at all. Failure to obtain such financing may result in the Company forfeiting its interest in the Gold Hill Property.

*Currency Fluctuations* – Assuming the Acquisition is completed and the Initial Option exercised, the operations of the Company will be subject to currency fluctuations of the U.S. dollar. Such fluctuations may materially affect the financial position and results of the Company. The Company does not currently take any steps to hedge against currency fluctuations. There can be no assurance that steps taken by the Company to address U.S. currency fluctuations will eliminate all adverse effects and, accordingly, the Company may suffer losses due to possible adverse U.S. dollar fluctuations.

*Directors' and Officers' Involvement in Other Projects* – Certain of the Directors and officers of the Company will not be devoting all their time to the affairs of the Company, but will be devoting such time as required to effectively manage the Company. Some of the Directors and officers are engaged and will continue to be engaged in the search of assets or business prospects on their own behalf and on behalf of others. None of the Directors have entered into non-competition agreements with the Company.

*Title to Property* – Title to mineral property interests is often not capable of conclusive determination, without incurring substantial expense. In accordance with industry practice, the Company will conduct such title reviews in connection with their principal properties as they believe are commensurate with the value of such properties.

#### *Risks Inherent to the Mining Industry*

- Exploration for minerals is a speculative venture involving some substantial risk. Hazards such as unusual or unexpected formations and other conditions are involved. The Company may become subject to liability for pollution, cave-ins, or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse affect on the Company's financial position. Delays may be caused by adverse weather conditions; lack of manpower, equipment or technology; land claims; and political matters.

- The marketability of natural resources which may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.
- Mineral resource exploration involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that mineral resources in commercial quantities will be discovered by the Company.
- There are a number of companies involved in the mining industry with resources which are more substantial than those of the Company. There is no assurance the Company will be able to compete in the local, national and international markets for the sale of any base or precious metals which may be discovered.

### **Available Funds**

As at December 31, 2010, the Company had working capital of \$22,439.

In addition, the Company intends to complete a Private Placement to provide funds for working capital following the AGM dated June 16, 2011. The Private Placement is subject to acceptance by the Exchange, and is conditional upon the Company receiving Shareholder and regulatory acceptance to the completion of the proposed Change of Business and Acquisition. The proceeds of \$200,000 raised from this Proposed Private Placement will be used toward exploration and development of the Gold Hill Property, and for working capital and other corporate purposes.

Accordingly, assuming the completion of the Proposed Private Placement, the Company will have approximately \$200,000 ("**Available Funds**") to utilize for its first year exploration program and for working capital and other corporate purposes. The Company anticipates raising any additional funds that may be required to participate in future work programs by way of equity or debt financings. There can be no assurance that the Company will be successful in raising the required funds on terms and conditions acceptable to the Company.

### **Principal Purposes**

The Available Funds will be used for the following principal purposes:

First year work program on the Company's Gold Hill Property, British Columbia:	\$108,000
General and administrative expenses over the next 12 months (excluding management fees)	\$ 60,000
Management fees over the next 12 months	\$ 20,000
Estimated legal and accounting fees over the next 12 months:	\$ 20,000
<b>Total:</b>	<b>\$ 208,000</b>

The Company expects its working capital to fund ongoing operations, together with \$208,000 allocated for general and administrative expenses, will be sufficient to meet its administration costs for 12 months.

The Company anticipates spending Available Funds to carry out its proposed exploration and development program set out under the heading "Information Concerning the Company after Change of Business". There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary.

Reference is also made to the heading "Particulars of Other Matters to be Acted Upon - Proposed Change of Business and Transactions Relating Thereto" for particulars of the acquisition by the Company of its Principal Property, the Bruner Property, in Nevada.

### **Conflicts of Interest**

There are no conflicts of interest.

### **Information Concerning the Company after the Change of Business**

#### **Description and General Development of Business**

#### **History of Company**

QMI was incorporated on October 16, 2009 under the Business Corporation Act of British Columbia as a wholly owned subsidiary of Arris Resources Inc. ("Arris"), which subsequently changed its name to RTN Stealth Software Inc. ("RTN"). On November 2, 2009 the Company entered into the Plan of Arrangement (the "Arrangement Agreement") with RTN to proceed with a corporate restructuring by the way of statutory plan whereby the Company would spin-out from RTN and become a reporting issuer and acquire an asset from RTN. Under the Arrangement Agreement, RTN would transfer its interest in an exclusive distribution agreement of seismic sensors in India (the "License") in exchange for 17,583,372 common shares of the Company. On the effective date of the Arrangement Agreement (January 5, 2010), each shareholder of RTN of record, as of the close of business on November 5, 2009, received their pro-rata share of the 17,583,372 common shares of the Company issued for the acquisition of the License.

At the completion of the Arrangement Agreement, the common shares of the Company started to trade on the Canadian National Stock Exchange ("CNSX") on April 29, 2010. Effective July 31, 2010, the Company agreed to acquire a 100% interest of QMI Technologies Inc. ("Qtech") from an un-related entity, QMI Manufacturing Inc. ("Qmanu). Under the terms of the acquisition of Qtech (the "Acquisition"), the Company acquired all of the issued and outstanding common shares of Qtech in exchange for 20,400,001 common shares in the equity of the Company. As a result, the Company's interim financial statements for the three and nine months ended September 30, 2010, that was filed to SEDAR on November 29, 2010, was originally reported on a consolidated basis that included both the accounts of Qtech and QMI Seismic Inc. for the same period.

However, the synergies from the Acquisition did not materialize as expected and the Company did not obtain operational control over Qtech. As a result, the Company reached an agreement with Qtech on March 31, 2011 to cancel the Acquisition (the "Unwinding"), whereby both the Company and Qmanu are released from the Acquisition and Qmanu will return to the Company 20,400,001 common shares issued for the Acquisition. These 20,400,001 common shares have been received and cancelled as of the date of this MD&A. As a result, the Company has amended its interim financial statements (the "Amended 2010 Q3 Financial Statements") for the three and nine months ended September 30, 2010 to reflect the Unwinding. Only the accounts of QMI Seismic Inc are included in the Amended 2010 Q3 Financial Statements.



As at September 30 and December 31, 2010, the Company had a balance owing of \$308,455 and \$521,210 due from Qtech respectively. On March 31, 2011, the Company agreed to convert the \$521,210 balance owing into a \$400,000 promissory note and the balance settled in consideration for distribution rights of Qtech products (the "Distribution Right"). The note bears interest at 2% per annum, compounds monthly, and is due and payable in three installments: \$50,000 principal on March 31, 2012, \$50,000 principal on March 31, 2013, and \$300,000 principal and accrued interest on March 31, 2014.

The Promissory Note has an interest rate of 2% per annum compound monthly and is due and payable in three installments: \$50,000 on March 31, 2012, \$50,000 on March 31, 2013, and remaining principal and accrued interest on March 31, 2014. The Promissory Note is secured by a General Security Agreement. This General Security Agreement includes all assets of the Qtech such as Machinery and Equipment; Inventory, Trademarks, Licenses and Certifications; and all accounts. The values of these assets as provided by managerial prepared financial statements are in excess of the value of the Promissory Note. The General Security Agreement also restricts the transfer or encumbrance of these assets without permission of the Company.

However, since there are no audited financials available for Qtech or valuation of assets provided by an Accredited Valuator there is uncertainty with respect to the recoverability of the Promissory Note in accordance with Canadian generally accepted accounting principles. Therefore management has treated the Promissory Note in conservative terms, decided to write down the Promissory Note to \$1, and recorded a loan loss provision of \$308,454 and \$521,209 at September 30 and December 31, 2010 respectively. However, management will exercise its best efforts to collect the Promissory Note repayments when the three installments come due and use all legal and contractual methods as indicated in the General Security Agreement.

After the unwinding as discussed in above section, management focused its efforts on developing the business of distribution of various electronic safety systems. However, management was also actively reviewing other business opportunities in other areas to maximize the value of the Company.

The Company completed two private placements, one in May and one in August 2010 resulting in the issue of 3,000,000 security units (the "Units") at a price of \$0.05 per Unit, for proceeds totaling \$150,000. Each Unit consists of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase, for a period of two years, one additional common share at an exercise price of \$0.07 per share.

On August 24, 2010, the Company announced its intention to raise up to \$500,000 in a private placement of up to 2,500,000 common shares at a price of \$0.2 per common share (the "August Private Placement"). As at September 30, 2010, the Company has received \$46,200 subscription of common shares. The August Private Placement was over-subscribed and completed in November 2010 to issue 3,025,000 common shares (the "Shares") at \$0.20 per Share, for net proceeds totalling \$544,500 after paying a finder's fee of \$60,500.

Subsequent to the quarter ended September 30, 2010, the Company entered into a consulting agreement with Cronos Management Consultants Inc. ("Cronos") in November 2010. The Company agreed to engage Cronos for five years to manage public company corporate affairs and assist in attracting investment and finding strategic financial partners. The Company agreed to grant Cronos incentive stock options (the "Options") for the purchase of 2,100,000 common share of the Company at \$0.20 per share. These options were vested immediately upon issuance and will expire in five years at November 19, 2015. The fair value of these stock options at issuance is \$418,545 or \$0.199 per Option.

These 2,100,000 stock options were cancelled by the Company on April 20, 2011.

By entering into the Option Agreement and acquiring an interest in the exploration-stage Gold Hill Property, the Company will effect a Change of Business and will be engaged in the mineral exploration and development business upon receipt of Shareholder and regulatory approval.

### **Proposed Private Placement**

This Proposed Private Placement is subject to acceptance for filing by the Exchange, and is conditional upon the Company receiving Shareholder and regulatory acceptance to the completion of the proposed Change of Business and Acquisition. The proceeds raised from the Proposed Private Placement will be used toward exploration and development of the Gold Hill Property, and for working capital and other corporate purposes.

### **Description of Gold Hill Property, Kamloops Mining District, BC**

The Company has entered into an option agreement to acquire a 100% interest in the Gold Hill property which will constitute the company's principal property

### **Purchase Agreement**

On May 20, 2011 QMI Seismic Inc. entered into a Purchase Option Agreement ("Option") with Gerald Locke and Ken Ellerbeck (Optionor) to acquire a 100 percent (100%) undivided interest in the two contiguous mineral claims (Table 1) designated as the Gold Hill property ("Property"). A final acquisition payment of \$6500 will be made following shareholder approval. Upon QMI Seismic Inc. completing the cash payments, QMI Seismic Inc. shall have purchased 100% of the Property.

#### **Claim Status: Gold Hill Property**

*(from MapPlace)*

842774	Mineral DIXIE EAST	20120111	161.2585
850021	Mineral GOLD HILL	20120329	443.48

The following disclosure relation to the Gold Hill Property has been derived from the Technical Report authored by Larry Sookochoff (P. Geology). Readers should refer to the entire Technical Report, which is available on the SEDAR website at [www.sedar.com](http://www.sedar.com) under the Company's profile.

### **Location and Description**

The Property is located in the Kamloops Mining Division of British Columbia Canada, 85 kilometres north of Kamloops and 325 Kilometres northeast of Vancouver. The centre of the Property is at 5700500N, 703500E (NAD 83). On May 12, 2011 QMI Seismic Inc. entered into a Purchase Option Agreement ("Option") with Gerald Locke and Ken Ellerbeck (Optionor) to acquire a 100 percent (100%) undivided interest in the two contiguous mineral claims (Table 1) designated as the Gold Hill property ("Property"). A summary of the terms of the Option Agreement are outlined in Table 2. Upon QMI Seismic Inc. completing the cash payments, QMI Seismic Inc. shall have purchased 100% of the Property.

### **Accessibility, Climate, Local Resources, Infrastructure, and Physiography**

Road access from Kamloops is northward via the Yellowhead South Highway #5 for 58 kilometres to the town of Barrier thence via the Dunn Lake road northward for 24 kilometres to within one kilometre of the south end of Dunn

Lake thence eastward for two and one-half kilometres to the western border of the Gold Hill property. The road continues for three kilometres through half the width of the Property of which the first two kilometres is within the Mining Lease of the adjacent property. The region is situated within the dry belt of British Columbia with rainfall between 25 and 30 cm per year. Temperatures during the summer months could reach a high of 35° and average 25°C with the winter temperatures reaching a low of -10° and averaging 8°. On the Property snow cover could be from December to April which could hamper a year-round exploration program at higher elevations. The Property is situated within the western margins of the Shuswap Highlands-Adams Plateau region of mountainous terrain with deeply incised valleys. Steep to moderate slopes prevail with relief in the order of some 1,100 metres from 700 metres at the western boundary and at the Dunn Creek valley to elevations of up to 1,800 metre in the northeast corner. A moderate forest cover of pine, spruce, and cedar dominates. Merritt or Kamloops, historic mining centres, could be a source of experienced and reliable exploration and mining personnel and a supply for most mining related equipment. Kamloops is serviced daily by commercial airline and is a hub for road and rail transportation. Vancouver, a port city on the southwest corner of, and the largest city in the Province of British Columbia, is four hours distant by road and less than one hour by air from Kamloops.

### **History of Region**

The history of exploration is scant with the documented evidence showing that a soil geochem survey dedicated to the Gold Hill prospect (Minfile 092P.041) completed by Sego Resources Inc. in 2006 on the adjacent ground infringed on a localized portion of the Property.

### **Geology**

Regionally, a 12 kilometer northerly trending band of the Late Paleozoic Fennell Formation rocks are bordered by a Cretaceous batholith (Kqm) to the east and a Late Triassic to Early Jurassic batholith (LTrJgd) to the west. The Fennell Formation is divided into an eastern unit consisting of massive and pillowed basalt, bedded chert, argillaceous rocks, conglomerate, quartz feldspar porphyry, and gabbroic to dioritic rocks (DPFL) designated as the Lower Stratigraphic Division, with the western Upper Structural Division consisting almost entirely of pillowed and massive and pillowed basalt (PnPFU). The two Divisions are indicated in contact by a gentle undulating fault contact.

On the adjacent property to the west, the property is underlain by the western Fennell assemblage consisting predominantly of northerly striking, moderately dipping, massive dark green pillow basalts. Easterly striking fault and shear structures, frequently mineralized, cut the rocks. A small gabbroic stock lies immediately south of and downhill of the vein occurrences.

At least four sub-parallel quartz vein zones occupy two easterly striking, steeply dipping fault-shear systems that cut massive pillow basalts. Two of the veins, one of which has been traced over a strike length of 300 metres, are 40 metres apart and dip steeply north into the hillside. Carbonate alteration (ankerite?) envelopes the vein zones.

A total of 300 metres of drifting and cross-cutting had been carried out from nine adits by 1930. The mined quartz vein and wall-rock was transported to the creek where the rock was crushed and panned for the free gold.

A 2005 soil geochemical survey covered the two veins and a localized portion of the QMI Property along the indicated easterly vein extensions. The gold in soil; results (Figure 4) reveal that two spotty anomalous gold values

of 200 ppb and 49 ppb gold occur on the Property along the eastward projection of the two Gold Hill veins. The eastern ends of the two veins are indicated within 250 metres of the QMI property.

**Mineralization**

There is no reported mineralization on the Property other than that indicated by the 2005 anomalous Se-go gold soil samples. At the Sweet Home, 750 metres north of the Property, mineralization is in gold-bearing quartz veins which cut the Devonian to Permian Fennell Formation of the Slide Mountain Group. Both the Windpass and Sweet Home veins dip at variable angles (35 degrees) to the north and cut the western margin of a steeply west-dipping diorite sill and an adjacent bedded chert horizon within the lower Fennell Formation, directly east of the upper Fennell contact.

At the Windpass, 900 metres north of the Sweet Home, quartz veins ranging from several centimetres to almost 1 metre in width and averaging 38 to 46 centimetres contain variable amounts of pyrite, chalcopyrite, bismuth sulphide, free gold, magnetite and gold tellurides. The northern Windpass vein is the more extensive and is characterized by quartz, bearing free gold, magnetite, bismuthinite, tellurium, pyrrhotite, pyrite, chalcopyrite, minor silver, and native copper. At the Gold Hill, 250 metres west of the Property, disseminated galena, chalcopyrite, pyrite, sphalerite and arsenopyrite occur in quartz veins, veinlets and stringers over relatively narrow widths. Some native gold has been reported.

**History and Previous Work**

The history of exploration is scant with the documented evidence showing that the history of work completed on the QMI property was a soil geochem survey which was completed by Se-go Resources Inc. in 2005 on the adjacent ground of the Gold Hill prospect (Minfile 092P.041) and infringing on a localized portion of the QMI property. There is no recorded production from the Gold Hill property. QMI Seismic Inc. has not performed any exploration work on the Gold Hill property.

**Conclusion and Recommendations**

It is recommended that initially a general coverage of the Property over selected areas be covered by a VLF-EM survey to locate potential mineral controlling structures. One of these areas would be the complete north-south coverage of the fault contact over a width of 300 metres. The second area would be the area over the indicated eastward mineral hosting structure from the western boundary (250 metres from the eastern end of the zone on the adjacent property) to the main fault contact. Follow-up exploration would be over prime anomalous VLF-EM conductors and would consist of a soil survey, and geological mapping and sampling.

**Estimated Cost of the Recommended Program**

Digital base map -----	\$ 5,000.00
Grid: 20 km @ \$300.00 -----	6,000.00
VLF-EM Survey: 20 km @ \$1,000.00 -----	20,000.00
Soil survey: 500 samples @ \$35.00 -----	17,500.00
Soil geochem ICP analysis: 500 samples @ \$15.00 -----	7,500.00
Geological Mapping & Sampling 15 days @\$800.00 -----	12,000.00
Associated field expenses: room, board, truck rentals, fuel ----	5,000.00
Engineering and Supervision -----	20,000.00
Data compilation and reporting -----	10,000.00
Contingencies -----	<u>5,000.00</u>
Estimated Cost	\$ 108,000.00

## **Corporate Information**

### **Name and Incorporation**

The Company was incorporated pursuant to the laws of the Province of British Columbia on October 16, 2009 under the name "QMI Seismic Inc".

The Company will be seeking acceptance from the Exchange to effect a change of name to Q Capital Inc. (or such other name as desired by the Directors), whether or not Shareholder approval or regulatory acceptance to the Acquisition and Change of Business is received. Pursuant to the Company's Articles, a name change may be effected by a resolution of the Directors, and Shareholder approval to a name change is not required.

The Company's head office and registered and records office is located at 1250 West Hastings Street, Vancouver, British Columbia, V6E 2M4.

### **Intercorporate Relationships**

The Company does not have any subsidiaries.

### **Existing Share Capital and Prior Sales**

The authorized capital of the Company is an unlimited number of common shares without par value, of which 23,608,372 are issued and outstanding as of May 20, 2011, and an unlimited number of Class A Preference Shares without par value, having certain rights and restrictions attached thereto, none of which are issued.

During the past 12 months, the Company issued the following Shares:

<b>Date and Reason for Issuance</b>	<b>Number of Issued Securities</b>	<b>Price Per Unit</b>	<b>Total Consideration</b>
Private Placement on March 16, 2010	2,000,000 Shares and 2,000,000 Warrants at \$0.07	\$0.05	\$100,000
Private Placement on July 9, 2010	1,000,000 Shares and 1,000,000 Warrants at \$0.07	\$0.05	\$50,000
Private Placement on November 24, 2010	3,025,000 Shares	\$0.20	\$605,000

### **Listed Issuer Trading History**

The Company's Shares last traded on May 12, 2011 on Exchange at a closing price of \$0.19 per Share.

Period	High	Low	Close	Volume
May 1- 20, 2011	0.19	0.19	0.19	500
April 1- 30, 2011	0.16	0.02	0.16	6000
March 1- 31, 2011	Nil	Nil	Nil	Nil
February 1- 28, 2011	0.05	0.05	0.05	4000
January 1- 30, 2011	0.05	0.05	0.05	4000
December 1- 31, 2010	0.21	0.21	0.21	3000
November 1- 30, 2010	0.10	0.22	0.20	11500
October 1-31, 2010	0.10	0.10	0.10	4000
September 1- 30, 2010	Nil	Nil	Nil	Nil
August 1- 31, 2010	Nil	Nil	Nil	Nil
July 1- 30, 2010	0.02	0.02	0.02	16000
June 1- 30, 2010	Nil	Nil	Nil	Nil

### **Fully Diluted Share Capital**

	Number of Securities	Percentage of Total
Issued by the Company as of May 20, 2011	<b>23,608,372</b>	<b>89%</b>
Securities that may be issued on exercise of outstanding share purchase warrants	<b>3,000,000</b>	<b>11%</b>
<b>Total:</b>	<b>26,608,372</b>	<b>100%</b>

With the exception of 3,000,000 Shares that may be issued on exercise of share purchase warrants that are exercisable at a price of \$0.07 per Share on or before March and July, 2012. The Company currently has no options or warrants outstanding. On approval of the Rolling Stock Option Plan 2,360,837 Shares will be reserved for issuance.

### **Consolidated Share and Loan Capital**

Designation of Security	Amount Authorized Or To Be Authorized	Amount Outstanding As Of May 20, 2011	Amount to be Outstanding Upon Completion of the Change of Business
Common Shares	Unlimited	23,608,372	23,608,372
Preferred Shares	Unlimited	Nil	Nil

## Selected Consolidated Financial Information and Management Discussion and Analysis

### Annual Information

The following chart includes selected annual information for the current year and 2009, which is the Company's first fiscal year. This information has been prepared in accordance with Canadian GAAP.

	2010	2009
	\$	\$
Revenues	-	-
Net loss	1,061,607	4,000
Net loss per share, basic and diluted	0.08	4,000
Total assets	77,435	1
Total long term liabilities	-	-
Cash dividend	-	-

### Management's Discussion and Analysis for Fiscal Year Ended December 31, 2009

#### *Results of Operations:*

#### For the year ended December 31, 2010

Loss for the current year is \$1,061,607 (2009-\$4,000) which is a combined result of \$121,853 operating expense (2009-\$4,000), \$418,545 stock based compensation expense (2009- \$nil), \$521,209 loss from loan loss provision (2009 - \$nil).

Main components of the \$121,853 operating expenses are \$39,513 consulting fees (2009-\$nil), \$38,589 trust and filing fees (2009-\$nil), and \$26,245 professional fees (2009-\$4,000). The consulting fees, professional fees were mainly used to support the operation while the trust and filing fees were mainly used to apply and maintain the Company's listing status.

The Company was incorporated in October 2009 and did not have business activities in 2009. As a result, the operating expenses and other expenditures (including the stock based compensation and loan loss provision) incurred in last year were minimum.

The natures of the stock based compensation and loan loss provision are discussed in subsection "Option Issuance" and "Acquisition Agreement" respectively.

Cash and accounts payable and accrued liabilities increased from last year by \$73,842 and \$30,368 respectively. The increases are mainly a result of the increased business activities incurred during current year.

#### *Liquidity and Capital Resources*

At December 31, 2010, the Company had a working capital of \$22,437 (2009: negative working capital \$4,000). Increase in working capital is mainly a combined result of cash inflow of \$669,499 from various private placements, cash outflow of \$521,210 for advancing a loan to QMI Technology in connection with the Acquisition discussed

above, and cash outflow for the expenditures incurred in the current years to support the development of electronic safety systems.

Management realized that the current working capital may not be sufficient to support its operations in the future and is considering different financing options, including, but not limited to further debt or equity financing. While the Company has a history of financing its operation through debt or equity financing in the past, there is no guarantees that the Company can do so in the future.

The Company had no material commitments for capital expenditures as of December 31, 2010.

Refer to the Company's audited financial statements attached hereto as Schedule "B"

## **DIRECTORS, OFFICERS, PROMOTERS AND PERSONS HOLDING MORE THAN 10% OF THE ISSUED EQUITY SHARES OF THE COMPANY**

### **Name, Address, Occupation and Security Holding**

The Company does not anticipate any changes to its Board of Directors and management in connection with the completion of the Change of Business and Acquisition. Please see "Nominees of Directors" herein for names and jurisdiction of residence of the current Directors of the Company and the occupational history of the Directors and officers of the Company.

The Chief Financial Officer is Jamie Lewin, a self-employed accountant whose jurisdiction of residence is Vancouver, British Columbia. Mr. Lewin was appointed CFO of the Company on October 16, 2009.

### **Management**

The Company has not entered into employment agreements with any members of management.

Navchand Jagpal, Age 43, has more than 15 years of accounting and management of public company affairs. Mr. Jagpal has been President, CEO and a director of Lucky Minerals Inc., a mineral property exploration and development company, since July 2006. He is also a director of Arris Holdings Inc. (since October 2009), an investment company, and Grand Peak Capital Corp. (since July 2006), a merchant banking company. Previously, he was CFO of EasyMed Services Inc., a Canadian publicly trading company, from May 2009 to February 2010 in the business of health record database management and President and CEO of Grand Peak Capital Corp. from July 2006 to January 2010. All of these companies are publicly traded companies in Canada. Mr. Jagpal was previously the Managing Director of JC Business Alliance Group, a packaged office leasing company, Chief Financial Officer and Secretary of American United Gold Corp. and Corporate Secretary of Anderson Gold Corp. It is anticipated that Mr. Jagpal will devote approximately 50% of his time to our affairs. Mr. Jagpal provides services to QMI as an independent contractor.

Jamie Lewin, Age 60, is a Certified Management Accountant (CMA) and holds an MBA in Financial Management from City University in Bellevue, WA. He has more than 15 years of experience in accounting and finance and he has been involved with companies on the predecessors to the TSX Venture Exchange (TSX-V), being the former Vancouver Stock Exchange and Alberta Stock Exchange, as well as the TSX-V and the OTCBB. He is CFO of Grand Peak Capital Corp., a merchant banking company (Feb. 09-present), and with two natural resource exploration and development companies Lucky Minerals Inc. (April 10-present), CLI Resources Inc (Oct 09-present) as well as Arris Holdings Inc., an investment company (Oct 09- present). He is also a director of Abenteuer Resources, a mineral and resources company (Aug 06-present). He has served on the Boards of two not-for-profit



organizations and owns Best Fit Consulting, providing financial consulting services. Mr. Lewin shall devote such time as is required to properly manage our affairs. He will be an independent contractor.

### **Aggregate and Individual Ownership of Securities**

Assuming all Management nominees for election as directors are elected at the Meeting, and assuming the completion of the Proposed Private Placement as anticipated, and excluding any Shares that may be issued on exercise of share purchase warrants, a total of zero Shares are expected to be beneficially owned, directly or indirectly, by all Directors, officers and promoters of the Company as a group, representing 0.0% of the 23,608,372 Shares that will then be issued and outstanding.

### **Conflict of Interest**

The Company is not aware of any existing or potential material conflict of interest.

Every proposed Director who is, in any way, directly or indirectly interested in a proposed contract or transaction with the Company, must disclose the nature and extent of his interest at a meeting of the Directors. Every such Director must account to the Company for any profit made as a consequence of the Company entering into or performing the proposed contract or transaction, unless he discloses his interest, and after his disclosure, the proposed contract or transaction is approved by the Directors and he abstains from voting on the approval of the proposed contract or transaction.

### **Indebtedness of Directors, Officers, Promoters and Other Management**

No Director, officer, proposed nominee for election as a Director, any individual who at any time during the most recently completed financial year was a Director or officer of the Company, and no associate of any such person, is or was at any time during the most recently completed financial year, indebted to the Company or any of its subsidiaries, or was indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or similar understanding by the Company, whether pursuant to an employee stock purchase program of the Company or otherwise.

### **Proposed Compensation**

The Company has not currently entered into any management agreement, but has budgeted \$20,000 for management fees for the 12 month period following acceptance by the Exchange and completion of the Acquisition and resulting Change of Business.

### **Principal Holders of Voting Securities**

No securities are being issued in connection with the Acquisition. As at April 29, 2011, being the record date for voting, and on completion of the Proposed Private Placement contemplated herein (excluding any Shares that may be issued on exercise of warrants), the Company is not aware of any individuals that have or will have (a) a direct or indirect beneficial ownership of; (b) control or direction over; or (c) a combination of direct or indirect beneficial ownership of and/or control or direction over more than 10% of the Shares.

### **Public and Insider Ownership**

No Shares of the Company are being issued in connection with the Acquisition. Upon completion of the Proposed Private Placement (excluding the issuance of any Shares that may be issued on exercise of outstanding share purchase warrants), a total of zero Shares will be held by the directors and officers of the Company.

### **Options to Purchase Securities of the Company**

The Company has no outstanding options to purchase shares. The Company has warrants to purchase an additional 3,000,000 shares as described, those warrants will be exercisable at a price of \$0.07 per Share.

### **Securities held in Escrow, Pool, or Subject to Hold Restrictions**

There are no securities held in escrow or pool.

### **OTHER INFORMATION**

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

Since the beginning of the most recently completed financial year ended December 31, 2010 and as at the date of this Information Circular, no director, executive officer or employee or former director, executive officer or employee of the Company, nor any nominee for election as a director of the Company, nor any associate of any such person, was indebted to the Company during the most recently completed financial year ended December 31, 2010, for other than “routine indebtedness”, as that term is defined by applicable securities law; nor was any indebtedness to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

#### **MANAGEMENT CONTRACTS**

The management functions of the Company are performed by its directors and executive officers and the Company has no management agreements or arrangements under which such management functions are performed by persons other than the directors and executive officers of the Company.

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

Other than as disclosed herein, no proposed nominee for election as a director, and no director or officer of the Company who has served in such capacity since the beginning of the last financial year of the Company, and no shareholder holding of record or beneficially, directly or indirectly, more than 10% of the Company’s outstanding common shares, and none of the respective associates or affiliates of any of the foregoing, had any interest in any transaction with the Company or in any proposed transaction since the beginning of the last completed financial year that has materially affected the Company or is likely to do so.

#### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED ON AT THE MEETING**

None of the directors or executive officers of the Company, no proposed nominee for election as a director of the Company, none of the persons who have been directors or executive officers of the Company since the commencement of the Company’s last completed financial year, none of the other insiders of the Company and no associate or affiliate of any of the foregoing persons has any substantial interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election

of the directors, the approval of the Stock Option Plan and the authorization for the granting of stock options thereunder.

## **OTHER MATTERS AND MATERIAL FACTS**

Management of the Company is not aware of any other matters to come before the Meeting other than as set forth in the Notice of Meeting that accompanies this Information Circular.

There are no other material facts other than as disclosed in this Information Circular.

## **ADDITIONAL INFORMATION**

Financial information about the Company is provided in its comparative financial statements and Management's Discussion and Analysis for the year ended Dec 31, 2010. You may obtain copies of these documents without charge upon request to us at 1250 West Hastings Street, Vancouver, B.C., Canada V6E 2M4, telephone (604) 685-2542, or facsimile (604) 408-9301. You may also access these documents, together with the Company's additional disclosure documents, through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

### **Legal Counsel**

The company's solicitors are Kaminsky & Company, Suite 220, 7525 King George Boulevard, Surrey, British Columbia, V3W 5A8.

### **Transfer Agent**

The Company's registrar and transfer agent is Computershare Investor Services Inc., 510 Burrard Street, 3<sup>rd</sup> Floor, Vancouver, B.C., V6C 3B9.

## **BOARD APPROVAL**

The Board of Directors of the Company has approved the contents and the delivery of the Information Circular to its shareholders.

DATED at Vancouver, British Columbia, this 20<sup>th</sup> day of May, 2011.

**BY ORDER OF THE BOARD OF DIRECTORS**

**SCHEDULE "A"**

**CONSENTS**

## AUDITOR'S CONSENT

We have read the Information Circular of QMI Seismic Inc. (the "Company") dated May 20, 2011 relating to the proposed acquisition of the Gold Hill Property. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above mentioned Information Circular of our report to the shareholders of the Company on the balance sheet of the Company as at December 31, 2010 and the statements of operations and comprehensive loss, shareholders' equity and cash flows for the year then ended. We also consent to the use in the above mentioned Information Circular of our report to the directors of the Company on the balance sheet of the Company as at December 31, 2010 and the statements of operations and comprehensive loss, shareholders' equity and cash flows for the year ended December 31, 2010. Our report was dated April 22, 2011.

*"DMCL"*

**DALE MATHESON CARR-HILTON LABONTE LLP**  
Chartered Accountants

Vancouver, Canada  
May 24, 2011

## CONSENT OF QUALIFIED PERSON

May 20, 2011

Dear Sirs/Mesdames:

Re: **QMI SEISMIC INC.**

Filing of Written Disclosure of Technical Report

The undersigned hereby consents to the public filing of the technical report entitled "Technical Report and Proposed Exploration on the Gold Hill Project, Kamloops Mining District, British Columbia" dated May 20, 2011 (the "Technical Report") and consents to any extracts from or a summary of the Technical Report in the Company's Information Circular dated May 20, 2011 (the "Disclosure").

The undersigned hereby confirms that he has read the Disclosure and that it fairly and accurately represents the information in the Technical Report.

Sincerely,

**"Laurence Sookochoof"**

Signed "Laurence Sookochoof"

Laurence Sookochoof, P. ENG

## CONSENT OF EXPERT

May 20, 2010

TO: Regulatory Bodies

Dear Sirs/Mesdames:

**RE: QMI SEISMIC INC. (the “Company”)**

I refer to the Company’s Notice of Annual General Meeting and Information Circular dated May 20, 2011 (the “Circular”) in respect of the annual general meeting of the Company’s shareholders to be held on June 16, 2011 and to be filed with the applicable securities regulatory authorities and made public on the SEDAR website.

I am the author of a technical report entitled “Technical Report & Proposed Exploration on the Gold Hill Property”, Kamloops Mining District, British Columbia” prepared for the Company and dated May 20, 2011 (the “Report”). I hereby consent: (a) to being named in the Circular; and (b) to the reference and use in the Circular and documents incorporated by reference therein of the Report and any information derived or extracted therefrom.

I confirm that I have read the Circular and have no reason to believe that there are any misrepresentations in the information contained therein that are: (i) derived from the Report; or (ii) within my knowledge as a result of the services performed by me in connection with the Report.

This letter is provided to the persons to which it is addressed pursuant to the requirements of applicable securities legislation and not for any other purpose.

Yours truly,

**“Laurence Sookochoff”**

Laurence Sookochoff, P. Eng

SUITE 1850  
1066 WEST HASTINGS STREET  
VANCOUVER, BC V6E 3X2

T: **604.683.3850**  
F: **604.688.8479**



**ACAL GROUP**  
**CHARTERED ACCOUNTANTS**  
**PCAOB & CPAB Registrant**

April 06, 2011

British Columbia Securities Commission  
P.O. Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, British Columbia V7Y 1L2

Alberta Securities Commission  
Suite 600, 250 – 5th Street SW  
Calgary, Alberta T2P 0R4

Ontario Securities Commission  
20 Queen Street West, Suite 1903  
Toronto, ON M5H 3S8

Dear Sirs:

**Re: QMI SEISMIC INC. (the “Company”)**

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Please be advised that, in connection with National Instrument 51-102, we hereby notify you that we have read the Company’s Notice of Change of Auditor dated April 06, 2011 (the “Notice”) and, based on our knowledge at this time, are in agreement with the statements contained in the Notice.

We understand that the Notice, this letter and a letter from the successor auditor will be disclosed in the Information Circular to be mailed to all shareholders of the Company for the Company's next annual general meeting at which action is to be taken concerning the appointment of auditors.

Yours truly

***“Anthony Chan”***  
**ACAL Group**  
Chartered Accountants

Cc. QMI Seismic Inc.



May 24, 2011

Ontario Securities Commission  
20 Queen Street West, Suite 1903  
Toronto, ON M5H 3S8

Dear Sirs:

**Re: QMI SEISMIC INC. (The "Company")**

Please be advised that, in connection with National Instrument 51-102, we hereby notify you that we have read the Company's Notice of Change of Auditor dated April 08, 2011 (the "Notice") and, based on our knowledge at this time, are in agreement with the statements contained in the Notice.

We understand that the Notice, this letter and a letter from the former auditor will be disclosed in the Information Circular to be mailed to all shareholders of the Company for the Company's next annual general meeting at which action is to be taken concerning the appointment of auditors.

Yours truly,

/s/ DMCL

---

**DALE MATHESON CARR-HILTON LABONTE LLP**  
Chartered Accountants

Cc. QMI SEISMIC INC.

**SCHEDULE “B”**

**AUDITED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDING DECEMBER 31, 2010**

**QMI SEISMIC INC.**

**Financial Statements**

**December 31, 2010**

**Expressed in Canadian dollars**

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of QMI Seismic Inc.

We have audited the accompanying financial statements of QMI Seismic Inc, which comprise the balance sheet as at December 31, 2010, and the statements of operations and comprehensive loss, shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of QMI Seismic Inc. as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describe certain conditions that give rise to substantial doubt about the entity's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### Other Matter

The financial statements of QMI Seismic Inc. for the year ended December 31, 2009, were audited by another auditor who expressed an unmodified opinion on those statements on March 25, 2010.

/s/ DMCL

DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED ACCOUNTANTS

Vancouver, Canada  
April 22, 2011

**QMI SEISMIC INC.****Balance Sheets****As at December 31,**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash	73,843	1
Other receivable	3,590	–
	77,433	1
Licenses (Note 1)	1	–
Other receivable (Note 3)	1	–
<b>Total Assets</b>	<b>77,435</b>	<b>1</b>
<b>Liabilities and Shareholders' Equity (Deficit)</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	34,368	4,000
Due to related parties (Note 5)	20,628	–
	54,996	4,000
<b>Shareholders' equity (deficit)</b>		
Share capital (Note 4)	629,639	1
Contributed surplus (Note 4)	458,407	–
Deficit	(1,065,607)	(4,000)
	22,439	(3,999)
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>77,435</b>	<b>1</b>

Going concern (Note 1)

Subsequent Event (Note 3 and 4)

Approved on behalf of the Board of Directors

**"Navchand Jagpal"****Director****" Tom Kennedy"****Director**

See accompanying notes to financial statements

**QMI SEISMIC INC.****Statement of Operations and Comprehensive Loss**

	<b>Year ended December 31, 2010</b>	<b>Period from October 16, 2009 to December 31, 2009</b>
	\$	\$
<b>Operating expenses</b>		
Advertising	2,000	—
Consulting (Note 5)	39,513	—
Office and administration (Note 5)	15,506	—
Professional fees	26,245	4,000
Stock based compensation (Note 4)	418,545	—
Filing fees	38,589	—
<b>Loss from operations before other items</b>	(540,398)	(4,000)
<b>Other item</b>		
Loan loss provision (Note 3)	(521,209)	—
<b>Loss and comprehensive loss</b>	(1,061,607)	(4,000)
<b>Loss per share - basic and diluted</b>	(0.08)	(4,000)
<b>Weighted average number of common shares outstanding – basic and diluted</b>	13,723,039	1

See accompanying notes to financial statements

**QMI SEISMIC INC.**  
**Statement of Shareholders' Equity**  
**Year Ended December 31, 2010**

	Common Shares		Contributed Surplus	Deficit	Total Shareholders' Equity
	Number of Outstanding	Amount			
		\$	\$	\$	\$
Incorporation, October 16, 2009	1	1	–	–	1
Loss for the period from incorporation to December 31, 2009	–	–	–	(4,000)	(4,000)
Balance, December 31, 2009	1	1	–	(4,000)	(3,999)
Share cancellation	(1)	(1)	–	–	(1)
Share issuance	17,583,372	1	–	–	1
Share issuance - May 2010	2,000,000	77,310	22,690	–	100,000
Share issuance - July 2010	1,000,000	32,828	17,172	–	50,000
Share issuance - November 2010	3,025,000	544,500	–	–	544,500
Subscription receivable - November 2010	–	(25,000)	–	–	(25,000)
Stock based compensation	–	–	418,545	–	418,545
Loss of the year	–	–	–	(1,061,607)	(1,061,607)
<b>Balance, December 31, 2010</b>	<b>23,608,372</b>	<b>629,639</b>	<b>458,407</b>	<b>(1,065,607)</b>	<b>22,439</b>

See accompanying notes to financial statements

**QMI SEISMIC INC.**  
**Statement of Cash Flows**

	Year ended December 31, 2010	Period from October 16, 2009 to December 31, 2009
	\$	\$
<hr/>		
Cash provided by (used in)		
<b>Operating activities</b>		
Loss for the year	(1,061,607)	(4,000)
Non cash transactions		
Loan loss provision (Note 3)	521,209	—
Stock based compensation (Note 4)	418,545	—
Changes in non-cash working capital		
Other receivable	(3,590)	—
Accounts payable and accrued liabilities	30,368	4,000
Cash used in operating activities	(95,075)	—
<hr/>		
<b>Investing activities</b>		
Loan advance to QTech (Note 3)	(521,210)	—
Cash used in investing activities	(521,210)	—
<hr/>		
<b>Financing activities</b>		
Due to related parties	20,628	—
Capital stock issuance	669,500	1
Capital stock cancellation	(1)	—
Cash provided by financing activities	690,127	1
<hr/>		
<b>Increase in cash</b>	73,842	1
<b>Cash, beginning</b>	1	—
<b>Cash, ending</b>	73,843	1
<hr/>		
<b>Supplementary information:</b>		
Cash paid for interest expense	—	—
Cash paid for income taxes	—	—
Non-cash transactions:		
Issuance of 17,583,372 shares for the acquisition of license (Note 1)		

See accompanying notes to financial statements



## 1. BASIS OF PRESENTATION

QMI Seismic Inc. (the “Company”) was incorporated under the Business Corporation Act (British Columbia) on October 16, 2009. Pursuant to a plan of arrangement (the “Agreement”) between the Company and its former parent company, RTN Stealth Software Inc. (“RTN”), dated November 2, 2009, the Company acquired an exclusive license from RTN to distribute seismic sensor products (the “License”). In consideration for the acquisition of the License, the Company issued 17,583,372 common shares to RTN. The License was transferred to the Company at RTN’s carrying value of \$1.

Pursuant to an agreement dated July 2010, the Company entered into an agreement (the “Acquisition Agreement”) to acquire 100% of QMI Technologies (“Qtech”) from QMI Manufacturing Inc. (“Qmanu”) in exchange for 20,400,001 common shares of the Company. The Company never assumed operations of Qtech and this agreement was subsequently unwound. Accordingly the assets, liabilities and operations of Qtech have not been included in the financial statements of the Company (Note 3).

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses since inception of \$1,065,607. The Company’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The Company was able to raise equity or debt financing to support its operations in the past but there is no assurance that the Company will be able to do so in the future. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in business.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### *Financial Statement Presentation*

These financial statements have been prepared in accordance with GAAP and are presented in Canadian dollars.

### *Use of estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Significant areas requiring the use of management estimates relate to carrying values of the loan receivable and licenses, future income tax rates and the valuation of stock-based awards.

### *Stock based compensation*

The Company grants stock options to executive officers, directors and consultants. The company records all stock based awards at fair value as determined using the Black-Scholes option pricing. All stock based awards to employees and non-employees are measured at the time of grant, or revision, and the fair value attributed is charged to operations, allocated to specific asset accounts, and recognized over the vesting period. Upon exercise, the fair value of share purchase options or specified warrants is allocated from the contributed surplus account to share capital.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Loss per share*

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. Since the Company's stock options and warrants are anti-dilutive, diluted loss per share is equivalent to basic loss per share.

### *Future income taxes*

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

### *Financial instruments*

The Company follows the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, Financial Instruments – Recognition and Measurement. Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. Under Section 3855, financial instruments must be classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. All financial instruments, including derivatives, are measured at the balance sheet date at fair value except for loans and receivables, held-to-maturity investments, and other financial liabilities which are measured at amortized cost.

The Company's financial instruments consist of cash, other receivable, other receivable, accounts payable and amounts due to related parties. Cash is measured at face value, representing fair value, and are classified as held-for-trading. Other receivables, which are measured at amortized cost, is classified as loans and receivables. Accounts payable is measured at amortized cost and classified as other financial liabilities. The fair value of these financial instruments approximates their carrying values, unless otherwise noted. The Company has determined that it does not have derivatives or embedded derivatives.

The CICA Handbook Section 3862, Financial Instruments – Disclosure, requires an entity to classify fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value. The levels and inputs which may be used to measure fair value are as follows:

- Level 1 – fair values are based on quoted prices in active markets for identical assets or liabilities;
- Level 2 – fair values are based on inputs other than quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or
- Level 3 – applies to assets and liabilities for inputs that are not based on observable market data, which are unobservable inputs.

Financial instruments classified as level 1 include cash.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### *New Accounting Pronouncements Not Yet Adopted*

#### International Financial Reporting Standards (“IFRS”)

The Canadian Accounting Standards Board will require all public companies to use IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal year. The transition from Canadian GAAP to IFRS will be applicable for the Company for the first quarter of the fiscal year ending December 31, 2011 when the Company will prepare both the current and comparative financial information using IFRS. The Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS and initial adoption alternatives have not been determined.

#### Business Combination, Consolidated Financial Statements and Non-controlling interest

For interim and annual financial statements relating to fiscal years commencing on or after January 1, 2011, the Company will be required to adopt new CICA Section 1582 “Business Combinations”, Section 1601 “Consolidated Financial Statements” and Section 1602 “Non-Controlling Interests”. Section 1582 replaces existing Section 1581 “Business Combinations”, and Sections 1601 and 1602 together replace Section 1600 “Consolidated Financial Statements”. The adoption of Sections 1582 and collectively, 1601 and 1602 provides the Canadian equivalent to IFRS 3 “Business Combinations” and International Accounting Standard (“IAS”) 27 “Consolidated and Separate Financial Statements” respectively. Management does not consider that the adoption of these standards will have a significant impact on the Company’s financial statements.

## **3. ACQUISITION AGREEMENT**

In July 2010, the Company entered into an agreement (the “Acquisition Agreement”) to acquire 100% of Qtech from Qmanu in exchange for 20,400,001 common shares of the Company.

On March 31, 2011, the Company and Qmanu cancelled the Acquisition Agreement. As a result, Qmanu returned 20,400,401 common shares to the Company’s treasury for cancellation. The Company was unable to obtain control of Qtech and the terms of the Acquisition Agreement were not met. Accordingly, the Company did not consolidate the operating results of Qtech for the year ended December 31, 2010.

As at December 31, 2010, the Company had a balance owing of \$521,210 due from Qtech. On March 31, 2011, the Company agreed to convert the \$521,210 balance owing into a \$400,000 promissory note and the balance settled in consideration for distribution rights of Qtech products (the “Distribution Right”). The note bears interest at 2% per annum, compounds monthly, and is due and payable in three installments: \$50,000 principal on March 31, 2012, \$50,000 principal on March 31, 2013, and \$300,000 principal and accrued interest on March 31, 2014. The note is secured by a general security agreement over the assets of Qtech. Due to the uncertainty with of collectability of the note, the Company has recorded a loan loss provision of \$521,209 at December 31, 2010.

QMI SEISMIC INC.  
Notes to the Financial Statements  
December 31, 2010

#### 4. SHARE CAPITAL

Authorized: Unlimited common shares without par value  
Unlimited preferred shares without par value

Issued and Outstanding:

	Number of Shares	Amount
Common share issued on incorporation	1	1
Balance, December 31, 2009 and October 16, 2009	1	\$ 1
Common share cancellation	(1)	(1)
Common shares issued for License (Note 1)	17,583,372	1
Common shares issued for cash	6,025,000	654,638
Subscription receivable	-	(25,000)
Balance, December 31, 2010	23,608,372	\$ 629,639

In April 2010, the Company issued 2,000,000 units at a price of \$0.05 per unit for proceeds of \$100,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase, for a period of two years, an additional common share at a price of \$0.07. The fair value of the warrants is \$22,690.

In August 2010, the Company issued another 1,000,000 units at a price of \$0.05 per unit for proceeds of \$50,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase, for a period of two years, an additional common share at a price of \$0.07. The fair value of the warrants is \$17,172.

On November 26, 2010, the Company issued 3,025,000 common shares at \$0.20 per common share for proceeds of \$544,500, net of a finder's fee of \$60,500. As at December 31, 2010, \$25,000 of this placement was received subsequent to December 31, 2010.

The Company used the Black-Scholes option pricing model and the following assumptions to determine the fair value of the share purchase warrants described above: Risk-free interest rate of 2%, dividend yield of 0%, expected volatility of 152% and expected life of 2 years.

##### *Stock Options*

The Company has a stock option plan (the Plan") which provides that the Board of Directors of the Company grants to directors, officers, employees, and consultants to the Company, non-transferable options to purchase common shares. The number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Plan can have a maximum exercise term of 5 years from the date of grant.

On November 18, 2010, the Company issued 2,100,000 options pursuant to a consulting agreement for a period of five years whereby the consultant will manage the Company's affairs and assist in attracting investment and finding strategic financial partners. The options are exercisable at \$0.20, are fully vested upon grant and are exercisable for a period of five years. The fair value of the options is \$418,545.

Subsequent to the year ended December 31, 2010, The company cancelled the 2,100,000 stock options outstanding.

#### **4. SHARE CAPITAL (CONTINUED)**

The Company used the Black-Scholes option pricing model and the following assumptions to determine the fair value: Risk-free interest rate of 2.4%, dividend yield of 0%, expected volatility of 260% and expected life of 5 years.

As at December 31, 2010, the stock options had an average exercise price of \$0.20 per share and an average remaining life of 4.87 years, respectively.

##### *Share Purchase Warrants*

As at December 31, 2010, the Company had 3,000,000 common share purchase warrants outstanding, with an average exercise price of \$0.07 and an average remaining life of 1.42 years, respectively.

#### **5. RELATED PARTY TRANSACTIONS**

As at December 31, 2010, \$20,628 (2009 - \$Nil) was owing to directors, or companies controlled by directors, for consulting fees and office rent.

During the year ended December 31, 2010, directors, or companies controlled by directors, were paid \$18,878 for consulting fees and \$3,750 for rent.

The above transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The amounts are un-secured, non-interest bearing, and are due on demand.

#### **6. CAPITAL DISCLOSURE**

The Company manages its cash, receivables and common shares as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash held at any given point in time.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general market conditions. There has not been any change to the Company's approach to management of capital in the current year.

## 7. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT

### *Financial Risk Management*

The Company is exposed in varying degrees to a variety of financial instrument related risks.

### *Credit Risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and note receivable. Cash is held with the same financial institution giving rise to a concentration of credit risk. This risk is managed by using a major Canadian bank that is a high credit quality financial institution. The note receivable has been written off.

### *Currency Risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company does not incur significant expenditures that are denominated in foreign currencies, and does not have any mineral property commitments that are denominated in foreign currencies. Therefore, the Company's exposure to currency risk is minimal.

### *Interest Rate Risk*

Interest rate risk refers to the risk that fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk as cash earn interest income at variable rates. The fair value of cash is unaffected by changes in short term interest rates.

### *Liquidity Risk*

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements, however, the Company has been unable to raise sufficient funds to meet its property obligations which constitutes a significant liquidity risk.

## 8. INCOME TAXES

The Company is subject to Canadian federal and provincial income taxes at an approximate rate of 28.50% (2009 – 30.00%). The reconciliation of the recovery for income taxes at the Canadian statutory rate compared to the Company's income tax expense as reported is as follows:

	2010	2009
	\$	\$
Loss before income taxes	1,061,608	4,000
Statutory tax rate	28.50%	30.00%
Income tax recovery at statutory rates	( 303,698)	(1,200)
Non-deductible items	263,745	-
Income tax rate changes and others	5,107	-
Change in valuation allowance	34,846	1200
<b>Future income tax expense</b>	<b>-</b>	<b>-</b>

## 8. INCOME TAXES (CONTINUED)

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's future income tax assets and liabilities as of December 31, 2010 and 2009 are as follows:

	2010		2009
	\$		\$
<b>Future income tax assets (liabilities):</b>			
Non-capital loss carryforward	36,047	\$	1,200
Cumulative eligible capital	21,818		-
Others	12,100		-
Total future income tax assets	69,964		1,200
Less: Valuation allowance	(69,964)		(1,200)
<b>Net future income tax assets</b>	<b>-</b>		<b>-</b>

The Company has non-capital losses of approximately \$144,186 (2009 - \$4,000) which are available to reduce future taxable income in Canada and which expire between 2029 and 2030. The Company has not recognized any future benefit for these tax losses and resource and other available deductions, as it is not considered more likely than not that they will be utilized. The expiration of these losses is as follows:

Year	Amount
	\$
2029	4,000
2030	140,186
<b>Total</b>	<b>\$ 144,186</b>

## 9. DIFFERENCE BETWEEN CANADIAN AND UNITED STATES ("US") GAAP AND PRACTICES

The consolidated financial statements have been prepared in accordance with Canadian GAAP which differs in certain material respects from US GAAP. Had the Company followed US GAAP, no items on the statements of operations and comprehensive loss, cash flows and balance sheets would have been reported differently.

### **Recent Accounting Guidance, Not Yet Adopted**

The Company has reviewed recently issued accounting pronouncements and plans to adopt those that are applicable to it. It does not expect the adoption of these pronouncements to have a material impact on its financial position, results of operations or cash flows.

**SCHEDULE "C"**

**STOCK OPTION PLAN**



**QMI SEISMIC INC.  
STOCK OPTION PLAN**

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**PART 1  
INTERPRETATION**

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

- (a) "Associate" means, where used to indicate a relationship with any person:
- (i) a partner, other than a limited partner, of that person;
  - (ii) a trust or estate in which that person has a substantial beneficial interest or for which that person serves as trustee or in a similar capacity;
  - (iii) a company in respect of which that person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the company; or
  - (iv) a relative, including the spouse or child, of that person or a relative of that person's spouse, where the relative has the same home as that person;
- and for the purpose of this definition, "spouse" includes an individual who is living with another individual in a marriage-like relationship.
- (b) "Board" means the Board of Directors of the Company.
- (c) "Committee" means a committee of the Board appointed in accordance with this Plan or, if no such committee is appointed, the Board itself.
- (d) "Company" means QMI Seismic Inc., and any successor company thereto as provided in this Plan.
- (e) "Consultant" means, in relation to the Company, an individual (or a company wholly-owned by an individual) who:
- (i) provides ongoing consulting services to the Company or an affiliate of the Company under a written contract;
  - (ii) possesses technical, business or management expertise of value to the Company or an affiliate of the Company;
  - (iii) spends a significant amount of time and attention on the business and affairs 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.
- (f) "Director" means any director of the Company or of any of its subsidiaries.
- (g) "Discounted Market Price" means the Market Price less the discount set forth below, subject to a minimum price of \$0.10:
- | <u>Closing Price</u> | <u>Discount</u> |
|----------------------|-----------------|
| up to \$0.50         | 25%             |
| \$0.51 to \$2.00     | 20%             |
| above \$2.00         | 15%             |
- (h) "Disinterested Shareholder Approval" means that the proposal must be approved by a majority of the votes cast at the shareholders' meeting other than votes attaching to securities beneficially owned by

Insiders and their Associates to whom shares may be issued pursuant to this Plan and, for purposes of this Plan, holders of non-voting and subordinate voting securities (if any) will be given full voting rights on a resolution which requires disinterested shareholder approval.

- (i) "Employee" means:
  - (i) an individual who is considered an employee of the Company or any of its subsidiaries under the *Income Tax Act* (i.e. for whom deductions (income tax, UIC and CPP) must be made at source);
  - (ii) an individual who is a full-time (i.e. 35 - 40 hours per week) dependent contractor, that is one who works full-time for the Company or any of its subsidiaries providing services normally provided by an employee and is subject to the same control and direction by the Company or its subsidiary over the detail and methods of work as an employee of the Company or its subsidiary, but for whom income tax deductions are not made at source; or
  - (iii) a part-time dependent contractor, that is an individual who works for the Company or any of its subsidiaries on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and is subject to the same control and direction by the Company or its subsidiary over the details and methods of work as an employee of the Company or its subsidiary, but for whom income tax deductions are not made at source;
 and includes Management Company Employees and Consultants.
  
- (j) "Exchange" means the Canadian Trading and Quotation System Inc., or such other Canadian stock exchange on which the Shares are listed for trading.
  
- (k) "Insider" means:
  - (i) a director or senior officer of the Company;
  - (ii) a director or senior officer of a person that is itself an insider or subsidiary of the Company; or
  - (iii) a person that beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company; or
  - (iv) the Company itself if it holds any of its own securities.
  
- (l) "Management Company Employee" means an individual employed by a person providing management services to the Company, which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a person engaged in investor relations activities.
  
- (m) "Market Price" means, subject to the exceptions prescribed by the Exchange from time to time, the last closing price of the Company's shares before the issuance of the required news release disclosing the grant of options (but, if the policies of the Exchange provide an exception to such news release, then the last closing price of the Company's shares before the grant of options).
  
- (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 stock option plan as from time to time amended.
  
- (p) "Shares" means common shares without par value in the capital of the Company.

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

## **PART 2**

### **PURPOSE OF PLAN**

- 2.01.1 Purpose. The purpose of this Plan is to provide incentive to Employees, Officers, Directors, Management Company Employee and Consultants who provide services to the Company and reduce the cash compensation the Company would otherwise have to pay.

### **PART 3**

#### **GRANTING OF OPTIONS**

- 3.01 Administration. This Plan shall be administered by the Board or, if the Board so elects, by a committee (consisting of not less than two (2) of its members) appointed by the Board. Any Committee shall administer the Plan on behalf of the Board in accordance with such terms and conditions as the Board may prescribe, consistent with this Plan. Once appointed, the Committee shall continue to serve until otherwise directed by the Board. From time to time, the Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and either appoint new members in their place or decrease the size of the Committee, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer the Plan. A majority of the members of the Committee shall constitute a quorum, and, subject to the limitations in this Part 3, all actions of the Committee shall require the affirmative vote of members who constitute a majority of such quorum. Members of the Committee may vote on any matters affecting the administration of the Plan or the grant of options pursuant to the Plan, except that no such member shall act upon the granting of an option to himself (but any such member may be counted in determining the existence of a quorum at any meeting of the Committee during which action is taken with respect to granting options to him).
- 3.02 Committee's Recommendations. The Board may accept all or any part of the recommendations of the Committee or may refer all or any part thereof back to the Committee for further consideration and recommendation. Such recommendations may include, but not be limited to, the following:
- (a) resolution of questions arising in respect of the administration, interpretation and application of the Plan;
  - (b) reconciliation of any inconsistency or defect in the Plan in such manner and to such extent as shall reasonably be deemed necessary or advisable to carry out the purpose of the Plan;
  - (c) determination of the Employees, Officers and Directors (or their wholly-owned corporations) to whom, and when, options should be granted, as well as the number of Shares subject to each option;
  - (d) determination of the terms and conditions of the option agreement to be entered into with any optionee, consistent with this Plan; and
  - (e) determination of the duration and purpose of leaves of absence from employment which may be granted to optionees without constituting a termination of employment for purposes of the Plan.
- 3.03 Grant by Resolution. The Board, on its own initiative or, if a Committee of the Board shall have been appointed for the purpose of administering this Plan, upon the recommendation of such Committee, may by resolution designate those Employees, Consultants, Officers and Directors to whom options should be granted.
- 3.04 Terms of Options. The resolution of the Board shall specify the number of Shares that should be placed under option to each optionee, the price per Share to be paid upon exercise of the options, and the period during which such options may be exercised. The terms of an option may not be amended once issued under Exchange requirements. If an option is cancelled prior to the Expiry date, the Company shall not grant new options to the same individual within 30 days from the date of cancellation.
- 3.05 Written Agreements. Every option granted under this Plan shall be evidenced by a written agreement 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 this Plan, the terms of this Plan shall govern.

- 3.06 Regulatory Approvals. The Board shall obtain all necessary regulatory approvals, which may be required under applicable securities laws or the rules or policies of the Exchange. The Board shall also take reasonable steps to ensure that no options granted under the Plan, or the exercise thereof, shall violate the securities laws of the jurisdiction in which any optionee resides.

#### **PART 4**

#### **CONDITIONS GOVERNING THE GRANTING AND EXERCISING OF OPTIONS**

- 4.01 Exercise Price. The exercise price of an option granted under this Plan is determined by the Board of Directors provided that it is not less than the price permitted by the Exchange.
- 4.02 Expiry Date. Each option shall, unless sooner terminated, expire on a date to be determined by the Board which will not be later than 5 years from the day the option is granted.
- 4.03 Different Exercise Periods, Prices and Number. The Board may, in its absolute discretion, upon granting options under this Plan, specify different time periods following the dates of granting the options during which the optionees may exercise their options to purchase Shares and may designate different exercise prices and numbers of Shares in respect of which each optionee may exercise his option during each respective time period.
- 4.04 Number of Shares. The number of Shares reserved for issuance to any one person pursuant to options granted under this Plan, together with any Shares reserved for issuance pursuant to options granted to that person during the previous 12 months, shall not exceed 5% of the issued and outstanding Shares at the time of granting of the options, provided that the aggregate number of options granted to each of the following categories of optionee:
- (a) Consultants; and
  - (b) persons employed in investor relations activities on behalf of the Company;
- must not exceed 2% of the outstanding Shares at the time of grant unless the Exchange permits otherwise.
- 4.05 Death of Optionee. If an optionee dies prior to the expiry of his option, his legal representatives may, by the earlier of:
- (a) one year from the date of the optionee's death (or such lesser period as may be specified by the Board at the time of granting the option); and
  - (b) the expiry date of the option;
- exercise any portion of such option.
- 4.06 Expiry on Termination or Cessation. If an optionee ceases to be a director, officer, consultant, employee of the Corporation or its subsidiaries, or a Management Company Employee for any reason (other than death), he may exercise his option to the extent that he was entitled to exercise it at the date of such cessation, but only within 90 days after his ceasing to be a director, officer, consultant, employee or a Management Company Employee, unless such optionee was engaged in investor relations activities in which case, only within 30 days after the cessation of his services to the Corporation.

If an optionee ceases to be a director, officer, consultant, employee of the Corporation or its subsidiaries, or a Management Company Employee on account of cause, or terminated by regulatory sanction or by reason of judicial order, the options terminate immediately.

Nothing contained in the Plan, nor in any option granted pursuant to the Plan, shall as such confer upon any optionee any right with respect to continuance as a director, officer, consultant, employee or Management Company Employee of the Corporation or of any of its subsidiaries or affiliates.

- 4.07 Leave of Absence. Employment shall be deemed to continue intact during any sick leave or other bona fide leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the optionee's right to reemployment is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the optionee's reemployment is not so guaranteed, then his employment shall be deemed to have terminated on the ninety-first day of such leave.
- 4.08 Assignment. No option granted under this Plan or any right thereunder or in respect thereof shall be transferable or assignable otherwise than by will or pursuant to the laws of succession except that, if permitted by the rules and policies of the Exchange, an optionee shall have the right to assign any option granted to him hereunder to a trust or similar legal entity established by such optionee.
- 4.09 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 at its principal place of business.
- 4.10 Payment. Subject to any vesting requirements described in each individual option agreement, 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 at the time of their purchase (i.e. concurrently with the giving of the requisite notice).
- 4.11 Tax Withholding. Subject to statutory tax withholding requirements as set out in the Income Tax Act, the Company reserves the right, upon the exercise of any options granted under this plan by an optionee who is an Employee or a Director of the Company, to either
- (a) sell on such optionee's behalf a sufficient number of issued shares to satisfy the tax liability under the Income Tax Act; or
  - (b) to require that such optionee pay an amount to the Company equal to the withholding obligation as a condition of exercise.
- 4.11 Share Certificate. As soon as practicable after due exercise of an option, the Company shall issue a share certificate evidencing the Shares with respect to which the option has been exercised. Until the issuance of such share certificate, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the share certificate is issued, except as provided in Part 6 hereof.
- 4.12 Vesting. Vesting, if any, and other terms and conditions relating to such options shall be determined by the Board or the Committee in accordance with Exchange requirements.
- 4.13 Bona Fide Optionee. Each individual option agreement providing for the grant of options under this Plan to an Employee, Consultant or Management Company Employee will contain a representation by the Company that the optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be, of the Company or of a subsidiary of the Company.

**PART 5**  
**RESERVE OF SHARES FOR OPTIONS**

5.01 Maximum Number of Shares Reserved Under Plan. The aggregate number of Shares which may be subject to issuance pursuant to options granted under this Plan shall not exceed 10% of the issued and outstanding shares of the Company from time to time at the date of grant (including all options granted by the Company prior to the adoption of the Plan). This number is subject to adjustment in accordance with Part 6 hereof. In addition, all options granted outside of this Plan, which are in existence on the effective date of this Plan, shall be counted as if granted under this Plan. The terms of this Plan shall govern such pre-existing options.

If any option granted under this Plan is exercised or expires or otherwise terminates for any reason, the number of Shares in respect of which the option is exercised or expired or terminated shall again be available for the purposes of the Plan.

5.02 Sufficient Authorized Shares to be Reserved. Whenever the Memorandum or 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 or otherwise. Shares that were the subject of options that have lapsed or terminated without having been exercised shall thereupon no longer be in reserve and may once again be subject to an option granted under this Plan.

5.03 Disinterested Shareholder Approval. Unless Disinterested Shareholder Approval is obtained, under no circumstances shall 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, result in or allow at any time:

- (a) the number of Shares reserved for issuance pursuant to options granted to Insiders exceeding 10% of the outstanding Shares at the time of granting the options;
- (b) the issuance to Insiders, within a one year period, of a number of Shares exceeding 10% of the outstanding Shares at the time of granting the options; or
- (a) the issuance to any one Insider and such Insider's Associates, within a one year period, of a number of Shares exceeding 5% of the outstanding Shares at the time of granting the options; or
- (d) any reduction in the exercise price of options granted to any person who is an Insider at the time of the proposed reduction.

**PART 6**  
**CHANGES IN SHARES**

6.01 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.

6.02 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 they deem proper in their absolute discretion.

6.03 Reorganization. Subject to any required action by its shareholders, if the Company shall be a party to a reorganization, merger, dissolution or sale or lease of all or substantially all of its assets, whether or not the Company is the surviving entity, the option shall be adjusted so as to apply to the securities to which the holder of the number of shares of capital stock of the Company subject to the option would have been entitled by reason of

such reorganization, merger or sale or lease of all or substantially all of its assets, provided however that the Company may satisfy any obligations to an optionee hereunder by paying to the said optionee in cash the difference between the exercise price of all unexercised options granted hereunder and the fair market value of the securities to which the optionee would be entitled upon exercise of all unexercised options, regardless of whether all conditions of exercise relating to continuous employment have been satisfied. Adjustments under this paragraph or any determinations as to the fair market value of any securities shall be made by the Board, or any committee thereof specifically designated by the Board to be responsible therefor, and any reasonable determination made by the said Board or committee thereof shall be binding and conclusive.

- 6.04 Rights Offering. If at any time the Company grants to the holders of its capital stock rights to subscribe for and purchase pro rata additional securities of the Company or of any other corporation or entity, there shall be no adjustments made to the number of shares or other securities subject to the option in consequence thereof and the said stock option of the optionee shall remain unaffected.

## **PART 7**

### **EXCHANGE RULES AND POLICIES APPLY**

- 7.01 Exchange 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 rules and policies on stock options of the Exchange and any securities commission having jurisdiction 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.

## **PART 8**

### **AMENDMENT OF PLAN**

- 8.01 Board May Amend. Subject to the requirements for shareholder approval pursuant Section 5.03, 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.

## **PART 9**

### **MISCELLANEOUS PROVISIONS**

- 9.01 Effective Date of Plan. This Plan was adopted by the Board of Directors and became effective on November 4, 2009.
- 9.03 Use of Proceeds. Proceeds from the sale of Shares pursuant to the options granted and exercised under the Plan shall constitute general funds of the Company and shall be used for general corporate purposes.
- 9.04 Headings. The headings used in this Plan are for convenience of reference only and shall not in any way affect or be used in interpreting any of the provisions of this Plan.
- 9.05 No Obligation to Exercise. Optionees shall be under no obligation to exercise options granted under this Plan.

## **SCHEDULE “D”**

### **CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF QMI SEISMIC INC. (the “Company”)**

#### **1. Purpose**

- 1.1. The Audit Committee is ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting, as well as internal controls to achieve the objectives of safeguarding of corporate assets; reliability of information; and compliance with policies and laws. Within this mandate, the Audit Committee’s role is to:
  - (a) support the Board of Directors in meeting its responsibilities to shareholders;
  - (b) enhance the independence of the external auditor;
  - (c) facilitate effective communications between management and the external auditor and provide a link between the external auditor and the Board of Directors;
  - (d) increase the credibility and objectivity of the Company’s financial reports and public disclosure.
- 1.2. The Audit Committee will make recommendations to the Board of Directors regarding items relating to financial and regulatory reporting and the system of internal controls following the execution of the Committee’s responsibilities as described herein.
- 1.3. The Audit Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors from time to time prescribe.

#### **2. Membership**

- 2.1. Each member of the Audit Committee must be a director of the Company.
- 2.2. The Audit Committee will consist of at least three members, the majority of whom are neither officers nor employees of the Company or any of its affiliates.
- 2.3. The members of the Audit Committee will be appointed annually by and will serve at the discretion of the Board of Directors.

#### **3. Authority**

- 3.1. In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:
  - (a) engage, and set and pay the compensation for, independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities; and
  - (b) communicate directly with management and any internal auditor, and with the external auditor without management involvement.
  - (c) Approve interim financial statements and interim MD&A on behalf of the Board of Directors.



#### 4. Duties and Responsibilities

4.1. The duties and responsibilities of the Audit Committee include:

- (a) recommending to the Board of Directors the external auditor to be nominated by the Board of Directors;
- (b) recommending to the Board of Directors the compensation of the external auditor;
- (c) reviewing the external auditor's audit plan, fee schedule and any related services proposals;
- (d) overseeing the work of the external auditor;
- (e) ensuring that the external auditor is in good standing with the Canadian Public Accountability Board and will enquire if there are any sanctions imposed by the CPAB on the external auditor;
- (f) ensuring that the external auditor meets the rotation requirements for partners and staff on the Company's audits;
- (g) reviewing and discussing with management and the external auditor the annual audited financial statements, including discussion of material transactions with related parties, accounting policies, as well as the external auditor's written communications to the Committee and to management;
- (h) reviewing the external auditor's report, audit results and financial statements prior to approval by the Board of Directors;
- (i) reporting on and recommending to the Board of Directors the annual financial statements and the external auditor's report on those financial statements, prior to Board approval and dissemination of financial statements to shareholders and the public;
- (j) reviewing financial statements, MD&A and annual and interim earnings press releases prior to public disclosure of this information;
- (k) ensuring adequate procedures are in place for review of all public disclosure of financial information by the Company, prior to its dissemination to the public;
- (l) overseeing the adequacy of the Company's system of internal accounting controls and internal audit process obtaining from the external auditor summaries and recommendations for improvement of such internal accounting controls;
- (m) ensuring the integrity of disclosure controls and internal controls over financial reporting;
- (n) resolving disputes between management and the external auditor regarding financial reporting;
- (o) establishing procedures for:
  - i. the receipt, retention and treatment of complaints received by the Company from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practices relating thereto; and
  - ii. the confidential, anonymous submission by employees of the Company or concerns regarding questionable accounting or auditing matters.
- (p) reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;

- (q) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor;
- (r) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities.

4.2. The Audit Committee will report, at least annually, to the Board regarding the Committee's examinations and recommendations.

## **5. Meetings**

5.1. The quorum for a meeting of the Audit Committee is a majority of the members of the Committee who are not officers or employees of the Company or of an affiliate of the Company.

5.2. The members of the Audit Committee must elect a chair from among their number and may determine their own procedures.

5.3. The Audit Committee may establish its own schedule that it will provide to the Board of Directors in advance.

5.4. The external auditor is entitled to receive reasonable notice of every meeting of the Audit Committee and to attend and be heard thereat.

5.5. A member of the Audit Committee or the external auditor may call a meeting of the Audit Committee.

5.6. The Audit Committee will meet separately with the President and separately with the Chief Financial Officer of the Company at least annually to review the financial affairs of the Company.

5.7. The Audit Committee will meet with the external auditor of the Company at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.

5.8. The chair of the Audit Committee must convene a meeting of the Audit Committee at the request of the external auditor, to consider any matter that the auditor believes should be brought to the attention of the Board of Directors or the shareholders.

## **6. Reports**

6.1. The Audit Committee will record its recommendations to the Board in written form which will be incorporated as a part of the minutes of the Board of Directors' meeting at which those recommendations are presented.

## **7. Minutes**

7.1. The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.