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**SURREY CAPITAL CORP.  
MANAGEMENT INFORMATION CIRCULAR**

**FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF THE  
CORPORATION TO BE HELD ON DECEMBER 3, 2012**

**DATED: NOVEMBER 5, 2011**

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**SURREY CAPITAL CORP.**

**Notice of Annual and Special Meeting Of Shareholders**

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting of the Shareholders of Surrey Capital Corp. (the "**Corporation**") will be held at 120 Adelaide Street West, Suite 2300, Toronto, Ontario, M5H 1T1 on the 3<sup>rd</sup> day of December 2012 at the hour of 10:30 AM (Toronto Time) for the following purposes:

1. to receive the Corporation's audited financial statements for the fiscal period ended August 31, 2012 and 2011, together with the report of the auditors thereon;
2. to appoint auditors and to authorize the directors to fix the auditors' remuneration;
3. to consider and, if thought advisable, pass, with or without variation a resolution renewing, the Stock Option Plan of the Corporation (See "**Schedule C**" to the Management Information Circular);
4. to consider and, if thought advisable, pass, with or without variation a special resolution to fix the number of directors of the Corporation to be elected at the meeting, at five (5), and to empower the board of directors of the Corporation to determine from time to time the number of directors of the Corporation (see "**Schedule E**" to the Management Information Circular);
5. to elect directors;
6. to consider and, if thought advisable, pass, with or without variation, a special resolution to change the name of the Corporation to Surrey Resources Corp. or such other name as deemed appropriate by the board of directors, subject to the completion a proposed qualifying transaction (See "**Schedule F**" to the Management Information Circular);
7. to consider and, if thought advisable, pass, with or without variation an ordinary resolution of the shareholders (exclusive of the votes of the Non Arm's Length Parties (as defined in the TSX Venture Exchange ("**TSXV**") Policy 2.4) of the Corporation) (the "**NEX Resolution**") to authorize the Corporation, in the event that the Corporation does not complete a Qualifying Transaction (as defined in the TSXV Policy 2.4) by the deadline imposed by the TSXV, to become listed on NEX and to cancel up to 50% of the common shares currently held in escrow and purchased by the Non Arm's Length Parties of the Corporation, being 1,100,000 common shares (See "Schedule G" to the Management Information Circular) and
8. to transact such further and other business as may properly come before the meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the meeting are set forth in the Management Information Circular. The audited financial statements of the Corporation for the fiscal period ended August 31, 2012 and 2011 along with the auditors' report thereon, a form of proxy, the Management Information Circular, a supplemental mailing list form, and a return envelope accompany this notice.

The board of directors of the Corporation have determined that shareholders registered on the books of the Corporation at the close of business on November 2, 2012 are entitled to notice of the meeting and to vote at the meeting. Shareholders of the Corporation who are unable to attend the meeting in person are requested to date and sign the enclosed form of proxy and return it in the enclosed envelope. In order to be valid and acted upon at the meeting, forms of proxy must be returned to the Corporation's registrar and transfer agent, Olympia Transfer Services Inc., 120 Adelaide Street West, Suite 920, Toronto, Ontario, M5H 1T1, on or before 10:15 AM (Toronto time) on the second business day prior to the meeting or if the meeting is adjourned, at least 48 hours prior to the time set for the adjourned meeting, or delivering it to the Chairman of the meeting prior to the commencement of the meeting or any adjournment thereof.

Shareholders who are unable to attend the meeting in person are requested to date, complete, sign and return the enclosed form of proxy so that as large a representation as possible may be had at the meeting.

**DATED** at Toronto, Ontario this 5<sup>th</sup> day of November, 2012.

By Order of the Board

Per: "Claude Ayache"  
Claude Ayache  
Director of the Corporation

Surrey Capital Corp.

Management Information Circular

## MANAGEMENT INFORMATION CIRCULAR

### Solicitation of Proxies

This management information circular (the "Management Information Circular") is furnished in connection with the solicitation by and on behalf of the management of Surrey Capital Corp. (the "Corporation") of proxies to be used at the Annual and Special Meeting of Shareholders of the Corporation (the "Meeting") to be held at the time and place and for the purposes set forth in the accompanying notice of meeting (the "Notice of Meeting"). It is expected that such solicitation will be primarily by mail. Solicitations may also be supplemented by telephone or other means of telecommunications or personally by directors, officers or designated agents of the Corporation. The Corporation may also pay brokers, investment dealers, custodians or nominees holding common shares in their names or in the names of their principals for their reasonable expenses in forwarding proxy solicitation material to their principals who are beneficial holders of common shares of the Corporation. The cost of solicitation by management or on behalf of management of the Corporation will be borne by the Corporation.

No person is authorized to give any information or to make any representations other than those contained in this Management Information Circular and, if given or made, such information must not be relied upon as having been authorized.

### Effective Date

Unless otherwise noted herein, all information contained in this Management Information Circular herein is as of November 5, 2012 (the "Effective Date").

### Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy represent management of the Corporation. **A shareholder desiring to appoint some other person to represent him or her at the meeting may do so** by filling in the name of such person in the blank space provided in the proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy with the Corporation's transfer agent and registrar, Olympia Transfer Services Inc., 120 Adelaide Street West, Suite 920, Toronto, Ontario, M5H 1T1, on or before 10:15 a.m. (Toronto Time) on the second business day prior to the Meeting, or if the Meeting is adjourned, at least 48 hours prior to the time set for the adjourned Meeting, or delivering it to the Chairman of the Meeting on the date of the Meeting or any adjournment thereof. A proxy should be executed by the shareholder or his or her attorney duly authorized in writing, or if the shareholder is a corporation, by an officer or attorney thereof duly authorized.

In addition to any other manner permitted by law, a proxy may be revoked before it is exercised by instrument in writing executed in the same manner as a proxy and deposited at the registered office of the Corporation at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used or with the Chairman of the meeting on the day of such meeting or any adjournment thereof and thereupon the proxy is revoked.

A shareholder executing the enclosed form of proxy has the power to revoke it at any time before it is exercised. The *Business Corporations Act* (Ontario) ("**BCAO**") sets out a procedure for revoking proxies by the deposit of an instrument in writing at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournments thereof at which the proxy is to be used or, with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof or in any other manner permitted by law.

Advice to Beneficial Shareholders

The non-registered shareholders of the Corporation should review the information set forth in this section carefully. Shareholders who do not hold their shares in their own name (referred to in this Management Information Circular as “Beneficial Shareholders”) should note that only proxies deposited by shareholders who appear on the records maintained by the Corporation’s registrar and transfer agent as registered holders of shares will be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a shareholder by a broker, those shares will, in all likelihood, not be registered in the shareholder’s name. Such shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). In the United States, the vast majority of such shares are registered in the name of CEDE & Co. (the registration name for The Depository Trust Company, which acts as nominee for many U.S. brokerage firms). Shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker’s clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

National Instrument 54-101 of the Canadian Securities Administrators requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the form of proxy provided directly to registered shareholders by the Corporation. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications (“ADPIC”) in Canada. ADPIC typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to ADPIC, or otherwise communicate voting instructions to ADPIC (by way of the Internet or telephone, for example). ADPIC then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. A Beneficial Shareholder who receives an ADPIC voting instruction form cannot use that form to vote shares directly at the Meeting. The voting instruction forms must be returned to ADPIC (or instructions respecting the voting of shares must otherwise be communicated to ADPIC) well in advance of the Meeting in order to have the shares voted. If you have any questions respecting the voting of shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.

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

Exercise of Discretion by Proxies

Proxies received in favour of management will be voted and where a choice is specified, will be voted in accordance with the choice so specified in the proxy. **Where no choice is specified, the proxy will be voted in favour of all of the matters set out in the accompanying proxy, all the more particularly described in the Management Information Circular.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting and with respect to other matters which may properly come before the meeting. At the time of printing of this Management Information Circular the management of the Corporation knows of no such amendments, variations or other matters to come before the meeting other than the matters referred to in the notice of meeting. **However, if other matters which are not known to the management should properly come before the meeting the accompanying proxy will be voted on such matters in accordance with the best judgment of the person or persons voting.**

Voting of Shares and Principal Holders Thereof

As of the Effective Date, the Corporation had 7,428,000 common shares issued and outstanding, each of which carries one (1) vote.

Holders of common shares of Corporation at the close of business on November 2, 2012 (the “**Record Date**”) will be entitled to one vote for each share held by them except to the extent that a person has transferred any common shares after the Record Date and the transferee of such common shares established proper ownership and demands, not less than 10 days before the Meeting, to be included in the list of shareholders entitled to vote at the Meeting, in which case the transferee will be entitled to vote such common shares.

To the knowledge of the directors and senior officers of the Corporation as of the Effective Date, there is no person beneficially owning, directly or indirectly, or exercising control or discretion over the voting securities carrying in excess of 10% of the voting rights attached to the securities of the Corporation.

**PARTICULARS OF MATTERS TO BE ACTED UPON**Appointment of Auditors

MNP LLP, Chartered Accountants, have been the auditors of the Corporation since September 13, 2010. Shareholders of the Corporation are asked to vote in favour of the appointment of MNP LLP, Chartered Accountants, as the Corporation’s auditors, to hold office until the close of the next annual meeting of shareholders of the Corporation and have the remuneration to be fixed by the board of directors of the Corporation.

**Unless a proxy specifies that the shares it represents should be withheld from voting in the appointment of auditors, the proxy holders named in the accompanying proxy intend to use it to vote FOR the appointment of MNP LLP, Chartered Accountants, as auditors of the Corporation, to hold office until the close of the next annual meeting of shareholders.**

Special Business – Renewal of the Stock Option Plan

Management is asking the shareholders of the Corporation to renew the stock option plan (the “**Plan**”), authorizing the issuance of incentive stock options to directors, officers, employees and consultants of up to 10% of the issued and outstanding shares of the Corporation, from time to time.

The material terms of the Plan are as follows:

1. The Plan is administered by the board of directors or by a committee appointed by the board in accordance with terms of the Plan.
2. The term of any options granted under the Plan will be fixed by the board of directors at the time such options are granted, provided that the options will not be permitted to exceed a term of ten years.

3. The exercise price of any options granted under the Plan will be determined by the board of directors, in its sole discretion, but shall not be less than the last closing price of the Corporation's common shares on the day before the date on which the directors grant such options less the maximum discount permitted under the policies of the TSXV.
4. All options will be non-assignable and non-transferable except (i) as permitted by applicable securities laws, or (ii) as otherwise specifically provided in the Plan.
5. No more than (i) 5% of the issued shares may be granted to any one individual in any 12 month period; and (ii) 2% of the issued shares may be granted to a consultant, or an employee performing investor relations activities, in any 12 month period.
6. If the option holder ceases to be a director, officer consultant or employee of the Corporation or ceases to be employed by the Corporation (other than by reason of disability, death or termination for cause), as the case may be, then the option granted shall expire on no later than the 90<sup>th</sup> day following the date that the option holder ceases to be a director, officer, consultant, or employee or ceases to be employed by the Corporation, subject to terms and conditions set out in the Plan. However, if the option holder is engaged in investor relations activities the options must expire within 30 days after the option holder ceases to be employed by the Corporation to provide investor relations activities, in accordance with the policies of the TSXV.
7. Options will be subject to anti-dilution provisions in the event of any consolidation, subdivision conversion or exchange of the Corporation's common shares.

Reference should be made to the full text of the Plan attached hereto as "**Schedule D**". The Plan is subject to receipt of TSXV acceptance.

Attached to this Circular as "**Schedule C**" is the resolution to be considered by the Corporation's shareholders. The resolution implementing the Stock Option Plan requires the approval of a majority of the votes cast by shareholders who vote in respect of the resolution. **In the absence of a contrary instruction, the persons designated by management of the Corporation in the enclosed form of proxy intend to vote proxies received by the Corporation in favour of the resolution approving the Plan.** Management does not contemplate any amendment to the resolution, but if such an amendment should occur at or prior to the Meeting, the common shares represented by proxies received in favour of management nominees will be voted in accordance with the discretion of such nominees.

#### **Special Business - Number of Directors**

In order to elect the five (5) Proposed Directors, as is set out in the section entitled Election of Directors below, the shareholders will first be asked to consider and, if thought advisable, pass, with or without variation, a special resolution, the full text of which is attached to this Management Information Circular as "**Schedule E**", to fix the numbers of directors at five (5) and to empower the board of directors to determine from time to time the number of directors of the Corporation, such determination to be made by resolution of the board of directors. Approval of such special resolution requires the affirmative vote of not less than two thirds of the votes cast by shareholders of the Corporation who vote in respect thereof, in person or by proxy, at the Meeting.

#### **Election of Directors**

Subject to approval by the shareholders of the Corporation at the Meeting, the number of directors to be elected at the Meeting is five (5) directors. The persons named in the enclosed form of proxy intend to vote for the election of those nominees whose names are set forth below (the "**Proposed Directors**"). All of the Proposed Directors are now members of the board of directors and have been so since the dates indicated. Management does not contemplate that any of the Proposed Directors will be unable to serve as a director, but if such an event should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion, unless

authority to vote the proxy for the election of directors has been withheld. Each director elected will hold office until the next annual meeting of shareholders, until their resignation, or until their successor is duly elected, unless the office is earlier vacated in accordance with the by-laws of the Corporation.

The following table and the notes thereto state the names of all the Proposed Directors to be nominated by the Nominating Committee for the election as directors, all other positions and offices with the Corporation now held by them, their principal occupations or employments, the period or periods of service as directors of the Corporation and the approximate number of voting securities of the Corporation beneficially owned, directly or indirectly, or over which control of direction is exercised by each of them as of the date hereof.

Name and Present Position with the Corporation <sup>(2)</sup>	Principal Occupation	# of Shares Owned, Controlled or Directed at the date hereof <sup>(1)</sup>	Director Since
Claude Ayache Toronto, Ontario Director, President, Chief Executive Officer, Chief Financial Officer and Corporate Secretary	President Exadyn Consultants Inc.	500,000	September 13, 2010
Victor D'Souza <sup>(2)</sup> Toronto, Ontario Director	Managing Director Reignite Capital Corporation	500,000	September 13, 2010
Elliott Jacobson <sup>(2)(3)(4)</sup> Toronto, Ontario Director	Self-Employed Consultant	500,000	September 13, 2010
Joseph Rauhala <sup>(3)(4)</sup> Toronto, Ontario Director	Principal Officer US Bank, Canadian Branch	500,000	September 13, 2010
James W.G. Turner <sup>(2)(3)(4)</sup> Montreal, Quebec Director	Self-Employed Consultant	200,000	September 13, 2010

#### **Notes:**

- (1) The information as to the voting shares beneficially owned, controlled or directed not being within the knowledge of the Corporation has been furnished by the respective nominees individually.
- (2) All of the proposed directors are independent of management, with the exception of Mr. Claude Ayache, who is the President, Chief Executive Officer, Chief Financial Officer and Corporate Secretary of the Corporation.
- (3) The Audit Committee is composed of Messrs. Jacobson, d'Souza and Turner.
- (4) The Corporate Governance and Nominating Committee is comprised of Messrs. Jacobson, Rauhala, and Turner.
- (5) The Compensation Committee is comprised of Messrs. Jacobson, Rauhala, and Turner.

The Corporation does not have an Executive Committee or any other committee than those mentioned above. However, upon completion of the proposed Qualifying Transaction, the Corporation will form a Compensating Committee, which the majority shall be comprised of independent directors.

The term of office of each director will be from the date of the Meeting at which the director is elected until the resignation of such director, the next annual meeting of shareholders of the Corporation, or until his successor is elected or appointed.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE ELECTION OF THE ABOVE-NAMED NOMINEES, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.** Management has no reason to believe that any of the nominees will be unable to serve as a director but, if a nominee is for any reason unavailable to serve as a director, proxies in favour of management will be

voted in favour of the remaining nominees and may be voted for a substitute nominee unless the shareholder has specified in the proxy that his or her shares are to be withheld from voting in respect of the election of directors.

### **Management**

Claude Ayache, age 49, is a self-employed consultant and has been President of Exadyn Consultants Inc. ("Exadyn"), a financial management consulting firm specializing in providing financial reporting support and capital market advisory services to public companies, since 1999 in addition to strategic restructuring/reorganization services to both private and public companies. Exadyn's clients operate in various industries such as oil and gas, mining, clean tech, manufacturing, technology, bio-technology, to mention a few. Mr. Ayache has more than 25 years experience in various financial roles and has served on numerous private and public boards as well as non-for-profit organizations.

More recently, from April 2011 until June 2012 Mr. Ayache served as Vice-President of Finance to Holle Potash Corp. Previously, Mr. Ayache also founded Vendome Resources Corp. (formerly Vendome Capital II Corp.) in 2007, where he was Chief Executive Officer, and Chief Financial Officer until June 2009 as well as Director until November 2008. From November 2005 to September 2009, Mr. Ayache was also the Chief Financial Officer Axiotron Corp. (formerly Vendome Capital Corp) and a director until October 2009, Mr. Ayache was a founder of this company when it was listed on the Exchange as a CPC. Mr. Ayache was been the Chief Financial Officer of Cathay Forest Products Corp. ("Cathay") from September 2004 to April 2006, during which time Cathay closed two financings, \$6 million and \$11.4 million, and then went on to be a top 50 venture company on the Exchange. In addition, Mr. Ayache was a director of Focchini International Inc. from November 2004 until March 2006 and the Chief Financial Officer of Augen Capital Corp., a merchant banker with a focus on natural resources, from April 2002 until May 2005.

Mr. Ayache received a Bachelor of Commerce in Finance and International Business from Concordia University in 1984 and has been a member of the Society of Management Accountants since 1993. He will devote approximately 30% of his time to the affairs of the Corporation.

Mr. D'Souza, age 55, is Managing Director of Reignite Capital Corporation, a company that provides management consulting and capital to Canadian entrepreneurial companies. Mr. D'Souza has more than eighteen years of experience as a CEO and CFO of manufacturing companies and seven years of corporate and investment banking experience while at the Bank of Montreal, Chase Manhattan Bank and CIBC Investment Bank. Prior to establishing Reignite Capital Mr. D'Souza was CEO of Polyair Inter Pack Inc, a TSX and Amex listed company with multi-plant operations in the US and Canada. From 1990 to 2003 Mr. D'Souza was CEO of Imperial PlasTech; a TSX listed company that he helped found in 1990 and over the next ten years, through organic growth and acquisition grew to a \$58 million company. In 2000 a European company acquired a substantial stake in Imperial PlasTech for \$25 million. Mr. D'Souza qualified as a Chartered Accountant with what is now Deloitte and Toche LLP and has a MBA from McGill University and a BSc from University of Western Ontario. He serves on the board of the Big Life Canada, a charity dedicated to the preservation of natural reserves in Kenya as well as Canlan Ice Sports Corp., a TSX listed company. Previously, he served on the board of the Toronto Operetta Theatre Company and was a charter member of TIE Toronto, a worldwide network of entrepreneurs that started in Silicon Valley. He will devote approximately 5% of his time to the affairs of the Corporation.

Elliott Jacobson, age 66, has over 30 years of public accounting experience and has serviced a wide range of clients from Canadian corporations to multinational organizations. Until June 2010, Mr. Jacobson led the audit practice for entrepreneurial public companies in the Greater Toronto Area for Deloitte & Touche LLP. At that time, Mr. Jacobson and the Deloitte Entrepreneurial Public Company Service Group participated in the original listings on the TSX, the Alternative Investment Market ("AIM") operated by the London Stock Exchange, Swiss Stock Exchange, American Stock Exchange ("AMEX") and Exchange (by IPO or Reverse take Over) of more than 150 new public companies with business operations in China and Israel as well as Canada and the United States. Mr. Jacobson led the market development for Israeli, U.S. and Chinese companies listing on the TSX and Exchanges. Previously, Mr.

Jacobson spent nine years working for Arthur Andersen LLP. In 1989, Mr. Jacobson joined Mintz & Partners, a mid-sized Toronto accounting firm, where he became a partner in 1991 and led the Public Company Practice Team, which had a large entrepreneurial public company practices in Canada. Mr. Jacobson obtained his Chartered Accountant designation in 1980 and has a B.Com. (1966) from Dalhousie University as well as an M.B.A. (1969) from Queen's University.

Mr. Jacobson has lectured often on public company accounting and oversight topics, particularly relating to Canadian/U.S. accounting and auditing questions, including revenue recognition. He has also written numerous articles on accounting and audit matters and has guest-lectured at a number of major university business schools on accounting matters. Mr. Jacobson currently serves on a number non-profit board of directors. He will devote approximately 5% of his time to the affairs of the Corporation.

Joseph Rauhala, age 60, has extensive experience as a treasury and financial products specialist, spanning a variety of international banks within North America, mainly Bayerische Landesbank from October 2001 to January 2005, HSBC Bank Canada from April 1997 to September 2001, ABN AMRO Bank Canada from May 1979 to April 1996 and with Citi Bank prior to then. Additionally, his experience as a Chief Financial Officer of a Canadian financial services company and US Silver Corporation, a mineral producer, further enhanced his experience with accounting systems, tax and risk management issues and all aspects of financial reporting requirements. Mr. Rauhala has extensive capital markets experience and has also taught financial risk management seminars. With over 30 years of Canadian and US finance experience, Mr. Rauhala brings very solid experience to the Corporation in its search for a Qualifying Transaction. Mr. Rauhala has an MBA in finance and taxation from Schulich School of Business at York University in Toronto. He will devote approximately 5% of his time to the affairs of the Corporation.

James W.G. Turner, age 48, is a self-employed consultant and entrepreneur with over 18 years of experience founding and growing technology and service companies. His track record includes being one of the founding officers of two companies, including LMS Medical Systems Ltd., a private company in which he was Vice President, Sales and Marketing, from 1993 to 2001. This company subsequently went public through an acquisition with a CPC in 2004, with resulting issuer, LMS Medical Systems Inc., being listed on the Exchange (TSXV: LMS). Prior to the creation of LMS, Mr. Turner created Raymark Xpert Business Systems in 1987. In 2005, Mr. Turner became a founding executive team member of VideoPresence Inc., a private company that is bringing to market a video conferencing system. Mr. Turner was also a director of Axiotron Corp. (formerly Vendome Capital Corp) a CPC company which is currently listed on the Exchange which completed its Qualifying Transaction in August 2008. Mr. Turner was also director, Chief Executive Officer and Chief Financial Officer of Vendome Resources Corp. ("VDR") (formerly Vendome Capital II Corp.) a CPC which completed its Qualifying Transaction in April 2010. Subsequent to the closing of the Qualifying Transaction of Mr. Turner continues to be a director of VDR. Mr. Turner has had a wide range of real world experience that includes leading software development teams, creating/designing and performing product requirements analysis, system requirements and supervising implementation and development for a wide range of products and running corporate operations for numerous companies. Mr. Turner is also a director of Right Stuff of Tahoe Inc., a private company in the business of computer imaging, since 1998. Mr. Turner obtained a Bachelor of Science from McGill University in 1987. He will devote approximately 5% of his time to the affairs of the Corporation.

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The Corporation's compensation policy is consistent with a company in the early stage of mineral exploration. The Chief Executive Officer, Mr. Claude Ayache, and the board of directors have a significant equity position at this time that align their interest with those of all shareholders.

The Corporation's process for determining executive compensation is very simple. Due to the Corporation's early stage of development and small size of its management team and board, the Board's

Nominating and Compensation Committee has maintained the Corporation's practice of not compensating broad members excluding executives, other than the reimbursement of direct expenditures.

#### SUMMARY COMPENSATION TABLE – NAMED EXECUTIVES

The following table (presented in accordance with Form 51-102F6 – Statement of Executive Compensation ("Form 51-102F6") under National Instrument 51-102 – Continuous Disclosure Obligations) sets forth all direct and indirect compensation for, or in connection with, services provided to the Corporation and its subsidiaries for the fiscal year ended August 31, 2012 and 2011 in respect of the Chief Executive Officer, the Chief Financial Officer and the other three most highly compensated executive officers of the Corporation (the "NEO"), provided that disclosure is not required for those executive officers, other than the Chief Executive Officer, whose remuneration did not exceed \$150,000 during the most recently completed fiscal year. During the most recently completed fiscal year, the Corporation had one Named Executive Officers: Mr. Claude Ayache, who served as the Chief Executive Officer and Chief Financial Officer since September 13, 2010, the date of incorporation.

Name and Principal Position	Year	Salary (\$)	Share-based Awards (\$)	Options Granted (#)	Option-based Awards (\$)	Non-equity Incentive Plan Compensation		All other Compensation (\$)	Total Compensation (\$)
						Annual Incentive Plans (\$)	Long-term Incentive Plans (\$)		
Claude Ayache Director, CEO, CFO & Corp. Secretary	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	Nil	6,017	Nil	Nil	Nil	6,017

Note: the value of the option based awards incentive component is determined using the Black-Scholes pricing model at the date of the grant (January 27, 2011) with the following variables: exercise price of \$0.10, expected life of 5 years, risk free rate of 1.62%, expected dividend yield of 0% and an expected volatility rate of 25%.

#### SUMMARY COMPENSATION TABLE - DIRECTORS

The following table describes all compensation provided to the directors of the Corporation for the fiscal year ended August 31, 2012 and 2011.

Name and Principal Position	Year	Salary (\$)	Share-based Awards (\$)	Options Granted (#)	Option-based Awards (\$)	Non-equity Incentive Plan Compensation		All other Compensation (\$)	Total Compensation (\$)
						Annual Incentive Plans (\$)	Long-term Incentive Plans (\$)		
Claude Ayache Director, CEO, CFO & Corp. Secretary	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	Nil	6,017	Nil	Nil	Nil	6,017
Victor d'Souza Director	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	Nil	3,759	Nil	Nil	Nil	3,759
Elliott Jacobson Director	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	Nil	3,759	Nil	Nil	Nil	3,759

Joseph Rauhala Director	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	Nil	3,759	Nil	Nil	Nil	3,759
James W. G. Turner Director	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	Nil	1,877	Nil	Nil	Nil	1,0877

Note: the value of the option based awards incentive component is determined using the Black-Scholes pricing model at the date of the grant (January 27, 2011) with the following variables: exercise price of \$0.10, expected life of 5 years, risk free rate of 1.62%, expected dividend yield of 0% and an expected volatility rate of 25%.

#### Incentive Plan Awards

Incentive stock options to purchase up to 742,800 Common Shares were granted to the NEO and the directors of the Corporation in January 2011. While the Corporation was a CPC, the total number of Common Shares reserved under option for issuance pursuant to the Corporation's incentive option plan may not exceed 10% of the Common Shares outstanding as at the closing of the initial public offering.

It is the Corporation's policy to compensate its Directors and Officers principally by way of incentive stock options. To date there have not been any such grants since January 2011.

The allocations of the above mentioned option grants were approved by the board of directors of the Corporation.

The following table (presented in accordance with Form 51-102F6) sets forth for each NEO and Director all awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year.

Name (a)	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#) (b)	Option exercise price (\$) (c)	Option expiration date (d)	Value of unexercised in-the-money options (\$) (e)	Number of shares or units of shares that have not vested (#) (f)	Market or payout value of share-based awards that have not vested (\$) (f)
Claude Ayache	238,000	0.10	January 27, 2021	\$ Nil	Nil	Nil
Victor d'Souza	148,700	0.10	January 27, 2021	Nil	Nil	Nil
Elliott Jacobson	148,700	0.10	January 27, 2021	Nil	Nil	Nil
Joseph Rauhala	148,700	0.10	January 27, 2021	Nil	Nil	Nil
James Turner	74,280	0.10	January 27, 2021	\$ Nil	Nil	Nil

#### Notes:

(1) The value of the in the money options is based on a stock price on the last trade prior to the end of the fiscal year, August 31, 2012, which was \$0.025.

**Incentive Plan Awards – Value Vested or earned During the Year**

There have not been any incentive stock option grants during the most recently completed financial year ended August 31, 2012 to the NEO or Directors.

Name (a)	Option-based awards - Value vested during the year (\$) (b)	Share-based awards - Value vested during the year (\$) (c)	Non-equity incentive plan compensation - Value earned during the year (\$) (d)
Claude Ayache	Nil	Nil	Nil
Victor d'Souza	Nil	Nil	Nil
Elliott Jacobson	Nil	Nil	Nil
Joseph Rauhala	Nil	Nil	Nil
James Turner	Nil	Nil	Nil

**Pension and Retirement Plan Benefits**

The Corporation does not currently have any formal pension or retirement compensation plans for the benefit of its directors, officers or employees.

**Termination and Change of Control**

The Corporation has no employment contracts with any NEO and therefore has no plans or arrangements in respect of any compensation received or that may be received by a NEO in the financial year ended August 31, 2012 in respect of compensating such director or officer in the event of termination (as a result of resignation, retirement or change of control) or in the event of change of responsibilities following a change of control.

**Employment Agreements**

The Corporation does not currently have an employment agreement in place with its NEO.

**Remuneration of Directors**

During the financial period ended August 31, 2012 and 2011, directors were not paid any compensation. Directors are entitled to be reimbursed for their direct out of pocket expenses incurred to attend each board of directors meeting or subcommittee meeting which they attend. No such payments were made during these periods.

**Incentive Plan Awards**

The following table (presented in accordance with Form 51-102F6) sets forth for each Non-executive director all awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year.

Name (a)	Option-based Awards			Share-based Awards		
	Number of securities underlying unexercised options (#) (b)	Option exercise price (\$) (c)	Option expiration date (d)	Value of unexercised in-the-money options (\$) (e)	Number of shares or units of shares that have not vested (#) (f)	Market or payout value of share-based awards that have not vested (\$) (f)
Victor d'Souza	148,700	0.10	January 27, 2021	Nil	Nil	Nil
Elliott Jacobson	148,700	0.10	January 27, 2021	Nil	Nil	Nil
Joseph Rauhala	148,700	0.10	January 27, 2021	Nil	Nil	Nil
James Turner	74,280	0.10	January 27, 2021	Nil	Nil	Nil

**Notes:**

- (1) The value of the in the money options is based on a stock price on the last trade prior to the end of the fiscal year, August 31, 2011, which was \$0.025.

**Directors' and Officers' Liability Insurance**

The Corporation did not maintain insurance for the benefit of its directors and officers against certain liabilities incurred by them in their capacity as directors or officers of the Corporation during the fiscal period ending August 31, 2012 and 2011. The Corporation will be investigating various options with regards to obtaining Directors and Officers Insurance for the benefit of its directors and officers.

**Stock Option Plan**

Renewal of the Corporation's Stock Option Plan (the "Plan") is being presented to the shareholders for their approval at the Meeting. Please see "Approval of the Stock Option Plan" herein. The Plan permits the Corporation to issue stock options to directors, officers, employees and consultants upon approval by the Compensation Committee. The purpose of issuing stock options will be to provide incentives to certain of the Corporation's directors, officers, employees and consultants.

	Number of Common Shares to be Issued Upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options (\$)	Number of Common Shares remaining Available for Future Issuance Under the Plan
Equity Compensation Plans Approved By Shareholders - Stock Option Plan	742,800	0.10	742,800
Equity Compensation Plans Not Approved By Shareholders	Nil	Nil	Nil
Total	742,800	0.10	742,800

**Notes:**

- (1) Based on 10% of the issued and outstanding Common Shares as at November 5, 2012 for a total of 7,428,000 Common Shares.

**Audit Committee**

The audit committee is currently comprised of the following members:

Elliott Jacobson	Independent <sup>(1)</sup>	Financially Literate <sup>(1)</sup>
Victor D'Souza	Independent <sup>(1)</sup>	Financially Literate <sup>(1)</sup>
James W.G. Turner	Independent <sup>(1)</sup>	Financially Literate <sup>(1)</sup>

Notes: (1) As the term is defined within National Instrument 52-110

For the fiscal year ended August 31, 2012, MNP LLP received fees from the Corporation as detailed below. In addition, for the years ended August 31, 2012 and 2011, MNPLLP, and Leonard Goldberg LLP, received fees from the Corporation as detailed below:

	2012	2011
Audit Fees		
MNP LLP	\$ 4,250	\$ 8,250
Audit-related Fees	Nil	Nil
Tax Fees		
Leonard Goldberg LLP	850	Nil
All Other Fees	Nil	Nil

**Corporate Governance and Nominating Committee**

A corporate governance and nominating committee meets on governance matters as and when required.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

The Corporation does not provide loans to its directors, executive officers or any of their associates or affiliates. No directors, executive officers or any of their associates or affiliates are indebted to the Corporation.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No director, senior officer or associate of a director or senior officer nor, to the best of the knowledge of the directors and senior officers of the Corporation after having made reasonable inquiry, any person or company who beneficially owns, directly or indirectly, more than 10% of the outstanding voting securities of the Corporation as at the date hereof, or any associate or affiliate thereof, has any interest in any transaction, or in any proposed transaction, which in either such case has materially affected or will materially affect the Corporation, except as otherwise stated herein.

**ADDITIONAL INFORMATION**

Information for the most recently completed financial year is provided in the Corporation's financial statements attached to this Management Information Circular. Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com) or by contacting the Corporation at via telephone

at (647) 932-5002, courier at 466A Ellerslie Ave., Toronto, Ontario, M2R 1C4 or email at: [surrey@exadyn.com](mailto:surrey@exadyn.com).

**BOARD APPROVAL**

The undersigned hereby certifies that the contents herein, and the sending hereof, of the Management Information Circular have been approved by the board of directors of the Corporation for mailing to the shareholders entitled to receive notice of the Meeting, to each director of the Corporation and to the auditors of the Corporation.

The undersigned hereby certifies that the contents of and the sending of this information circular has been approved by the Board of Directors of the Corporation.

DATED at Toronto, Ontario this 5<sup>th</sup> day of November, 2012.

**"Claude Ayache"**  
Claude Ayache  
Director

**"Joseph Rauhala"**  
Joseph Rauhala  
Director



## SCHEDULE "A"

### Form 58-101F2 Corporate Governance Disclosure by Venture Issuers Surrey Capital Corp. (the "Corporation")

Effective June 30, 2005, National Instrument 58-101 - Disclosure of Corporate Governance Practices ("**NI 58-101**") was adopted by the Canadian Securities Administrators. NI 58-101 requires issuers to disclose their governance practices in accordance with that instrument. The Corporation is a "**Venture Issuer**" within the meaning of NI 58-101. A discussion of the Corporation's governance practices within the context of NI 58-101 is set out below:

#### Board of Directors

All of the Corporation's directors are independent with the exception of Mr. Claude Ayache, who is the President, Chief Executive Officer, Chief Financial Officer and Corporate Secretary of the Corporation.

#### Directorships

The following director of the Corporation is also currently a director of other reporting issuers:

Director	Reporting Issuer
James Turner	Vendome Resources Corp.
Victor D'Souza	Canlan Ice Sports Corp.

#### Orientation and Continuing Education

The Corporate Governance and Nominating Committee, with the assistance of the management of the Corporation, is responsible for providing an orientation for new directors. Director orientation and ongoing training will include presentations by senior management to familiarize directors with the Corporation's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its principal officers and its internal and independent auditors.

#### Ethical Business Conduct

The Corporation does not currently have a written code of ethical business conduct approved by the Board of Directors for its directors, officers and employees. Each director, officer and employee is expected to comply with relevant corporate and securities laws and, where applicable, the terms of their employment agreements.

#### Nomination of Directors

When a Board vacancy occurs or is contemplated, any director or officer may make recommendations to the Corporate Governance and Nominating Committee as to qualified individuals for nomination to the Board.

In identifying new candidates, the Corporate Governance and Nominating Committee will take into account the mix of director characteristics and diverse experiences, perspectives and skills appropriate for the Corporation at that time.

#### Compensation

The Corporation's Compensation Committee reviews the compensation of the directors and executive officers. The Compensation Committee also administers the Corporation's stock option plan.

The Compensation Committee receives recommendations from the management of the Corporation and reviews and makes recommendations to the Board regarding the granting of stock options to directors and executive officers of the Corporation as well as compensation for executive officers of the Corporation as well as compensation for executive officers and directors fees, if any, from time to time. Executive officers and directors may be compensated in cash and/or equity for their expert advice and contribution towards the success of the Corporation.

The form and amount of cash such compensation will be evaluated by the Compensation Committee, which will be guided by the following goals:

1. compensation should be commensurate with the time spent by executive officers and directors in meeting their obligations and reflective of the compensation paid by companies similar in size and business to the Corporation; and
2. the structure of the compensation should be simple, transparent and easy for shareholders to understand.

Shareholders will be given the opportunity to vote on all new or substantially revised equity compensation plans for directors as required by regulatory policies.

#### Other Board Committees

The Board has no other standing committees other than the Audit Committee, Compensation Committee and the Corporate Governance and Nominating Committee.

#### Assessments

The Board of Directors of the Corporation does not currently conduct any formal evaluation of the performance and effectiveness of the members of the Board, the Board as a whole or any committee of the Board.

## SCHEDULE "B"

### Form 52-110F2 – Disclosure by Venture Issuers Surrey Capital Corp. (the "Corporation")

#### 1. The Audit Committee Charter

##### 1.1 Continuation of the Audit Committee

The Board of Directors ("**Board**") bears responsibility for the stewardship of the Corporation and in this regard, the Board supervises and directs management of the Corporation in carrying out the business of the Corporation, in the interest and for the benefit of the Corporation's shareholders.

To assist the Board in its monitoring of the Corporation's financial reporting and disclosure and to assist the Board in the identification and oversight of the management of financial risk, the Board has established, and hereby continues the existence of, a committee of the Board known as the Audit Committee (the "**Committee**"). The Committee's existing mandate is hereby repealed and replaced by this Charter.

##### 1.2 Composition of Committee

(a) The Committee will be appointed annually by the Board and consist of at least three (3) members from among the Directors of the Corporation, at least two (2) of whom shall be, in the opinion of the Board, both an unrelated director within the meaning of Policy 3.1 of the TSX Venture Exchange Company Manual and an independent director under section 1.4 of Multilateral Instrument 52-110 "**Audit Committees**" ("MI 52-110).

(b) No member of the Committee may (other than in his or her capacity as a member of the Committee, the Board or another Board committee) accept any consulting, advisory or other compensatory fee from the Corporation or be an affiliated person of the Corporation or any subsidiary.

All members of the Committee shall be financially literate (i.e. have the ability to read and understand the Corporation's financial statements and notes). At least one member of the Committee shall have accounting or related financial experience (i.e. the ability to analyze and interpret financial statements and notes in accordance with Canadian generally accepted accounting principles) and shall be an audit committee financial expert under the MI 52-110.

(d) Officers of the Corporation, including the Chairman of the Board unless he or she is an unrelated director, should not serve as a member of the Committee.

(e) The Board will designate the Chairman of the Committee. The Chairman shall have responsibility for overseeing that the Committee fulfills its mandate and its duties effectively.

##### 1.3 Responsibilities and Duties of the Committee

The Board mandates the Committee to monitor and be responsible for the supervision of the Corporation's financial reporting and disclosure obligations. To fulfill this role, the Committee shall have the following responsibilities and duties:

(a) To oversee compliance by the Corporation with all legal, regulatory and contractual requirements relating to financial reporting and disclosure and to oversee the accounting and financial reporting processes and audits of the financial statements of the Corporation;

(b) To review the financial statements and other financial information of the Corporation with management and the external auditors to gain reasonable assurance that they present fairly (in accordance with generally accepted accounting principles in Canada) in all material respects the financial condition, results of operations and cash flows of the Corporation as of, and for, the periods presented, and report thereon to the Board before same are approved by the Board;

To review with management and the external auditors the financial statements of any significant subsidiary of the Corporation;

(d) To review with management the representation letter provided to the external auditors, to receive from management any additional representations required by the Committee, and to receive from the external auditors reports on their audit of the annual and their review of the quarterly financial statements of the Corporation;

(e) To review news releases and reports to shareholders to be issued by the Corporation containing earnings guidance or containing financial information based on the Corporation's financial statements;

(f) To review the Corporation's annual and quarterly "management's discussion and analysis" with management and report thereon to the Board before it is approved by the Board;

(g) To review the financial information in prospectuses, annual reports, material change disclosures of a financial nature, annual information forms and similar disclosure documents to be issued by the Corporation;

(h) To review with management and the external auditors the acceptability, appropriateness and quality of the Corporation's accounting principles;

(i) To review an annual report by the external auditors describing:

(i) all critical accounting practices and policies to be used;

(ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the impact of the alternative treatments, and the treatment preferred by the external auditors; and

(iii) other material written communications between the external auditors and management, and to meet with the external auditors to discuss the said annual report;

(j) To review with management the principal financial risks facing the Corporation and gain reasonable assurance that financial risk is being effectively managed or controlled;

(k) To review with management significant contingent liabilities;

(l) To review with management and the external auditors the Corporation's internal financial control system for its effectiveness and integrity and to oversee management's reporting on that system;

(m) To review with management the Corporation's management information systems for their effectiveness and their integrity;

(n) To approve hiring, the remuneration and the terms of engagement of the external auditors as set forth in their engagement letter and, if necessary, their termination, and to review the performance of the external auditors as required. The Committee shall also require that the lead or responsible audit partner of the external auditors in charge of the Corporation's audit, is rotated every 5 years and that other rules relating to the audit partner as enacted by securities regulatory authorities of Canada and the United States are followed;

(o) To review regularly with the external auditors their independence, including pre-approval of all engagements (and fees related thereto) for non-audit services with the Corporation, and to ensure disclosure of any such non-audit services annually but in no event shall any of the following non-audit services be performed by the external auditors:

- (i) book-keeping or other services related to the accounting records or financial statements;
- (ii) financial information systems design and implementation;
- (iii) appraisal or valuation services, fairness opinions or contribution-in-kind reports;
- (iv) actuarial services;
- (v) internal audit outsourcing services;
- (vi) management functions or human resources;
- (vii) broker or dealer, investment advisor or investment banking services;
- (viii) legal services and expert services unrelated to the audit; and
- (ix) other services prescribed by legislation;

(p) To review with the external auditors the scope of the audit, the areas of special emphasis to be addressed in the audit, the materiality levels which the external auditors propose to employ and other issues which are appropriate in the view of either the Committee or the external auditors;

(q) To put in place procedures to receive and handle complaints or concerns received by the Corporation about accounting, internal accounting controls and audit matters including those submitted anonymously by an employee of the Corporation;

To review with management periodically the Corporation's code of ethics for senior financial officers;

(s) To ensure that an external auditor cannot act as auditor of the Corporation if the Chief Executive Officer, President, Controller, Chief Financial Officer or person serving in an equivalent position was employed by the external auditor and participated in any capacity in the audit of the Corporation during a 1 year period preceding the date of initiation of the audit; and

(t) To perform any other matters referred to the Committee or delegated to it by the Directors.

#### **1.4 Operating Principles**

The Committee will fulfill its responsibilities within the context of the following operating principles:

##### **(a) Committee Duties**

Committee members are required to act honestly and in good faith with a view to the best interests of the Corporation and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

##### **(b) Committee Values**

The Committee expects management of the Corporation to operate in compliance with all corporate policies and codes, and all laws and regulations governing the Corporation and to maintain strong financial reporting and control processes.

##### **Communications**

The Chairman and all members of the Committee expect to have direct, open and frank communications throughout the year with management, other committee chairmen, the external auditors, the internal auditor, if any, the chairman of the audit committee of any subsidiaries, where applicable, and other key Committee advisors, as applicable.

##### **(d) External Resources**

To assist the Committee in discharging its responsibilities, the Committee may, in addition to the external auditors, at the expense of the Corporation, retain one or more persons having special expertise. The Corporation shall pay all fees and expenses of the external auditors or other persons retained by the Committee.

##### **(e) Reporting to the Board**

The Committee, through its Chairman, will report regularly to the Board, and in any event no less frequently than on a quarterly basis.

##### **(f) Time Commitment**

Members of the Committee are expected to commit whatever time may be necessary to fulfill the mandate of the Committee. Members should prepare for Committee meetings by reviewing the materials sent to them by management for discussion at the meeting, as well as other material they feel is necessary.

Members are expected to attend (in person or by telephone) all meetings of the Committee and to participate in those meetings through the asking of relevant questions and the expression of opinions on items being discussed.

##### **(g) External Auditors**

The external auditors will be accountable to the Board, as representatives of shareholders, through the Committee. The Committee is directly responsible for recommending the appointment of the auditors to the Corporation's shareholders and for the compensation and oversight of the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting. The external auditors will report all material issues or potentially material issues to the Committee.

##### **(h) Reliance on Experts**

In contributing to the Committee's discharging of its duties under this mandate, each member of the Committee will be entitled to rely in good faith upon:

(i) financial statements of the Corporation represented to him or her by an officer of the Corporation or in a written report of the external auditors to present fairly the financial position of the Corporation in accordance with Canadian generally accepted accounting principles; and

(ii) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

#### **1.5 Operating Procedures**

##### **(a) Frequency of Meetings**

The Committee will meet at least 4 times annually, and more frequently as circumstances dictate. Meetings will be held on at least 4 hours notice at the call of the Chairman, upon the request of any member of the Committee or at the request of the external auditors.

##### **(b) Quorum**

A quorum will be a majority of the members of the Committee present in person or by telephone.

##### **Chairman**

In the absence of the Chairman of the Committee, the members will appoint an acting Chairman.

##### **(d) Secretary**

Unless the Committee otherwise specifies, the Secretary of the Corporation will act as Secretary of all meetings of the Committee.

(e) Meeting Agenda

Committee meeting agendas shall be set by the Chairman of the Committee in consultation with Committee members, management if appropriate, and the external auditors if appropriate.

(f) In Camera Meetings

The members of the Committee shall meet at regularly scheduled sessions with the external auditors, select members of management, and by themselves, without either or both of management and the external auditors present.

(g) Background Material for Meetings

Members of the Committee should be provided with an agenda and sufficient background material prepared in a clear and concise manner relating to a forthcoming meeting as will allow them to understand the items to be discussed at the meeting. The material should contain sufficient information; to the extent such information is reasonably available to management, to enable the Committee members to make an informed decision if one is required. The agenda with this material should be received by the Committee members far enough in advance of the meeting as will allow them sufficient time to review the materials.

(h) Minutes

Minutes of each meeting of the Committee will be prepared by the Secretary of the meeting and be provided to each member of the Committee for review and approval at a subsequent Committee meeting. After being approved, a copy of the minutes will be provided to each director of the Corporation for information purposes.

**1.6 Limitations on Committee Members' Duties**

Nothing in this mandate is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. It is not the duty of the Committee to prepare financial statements, plan or conduct audits, act as auditors or to determine that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with Canadian generally accepted accounting principles and applicable laws. These are the responsibilities of management and the external auditors. The external auditors are accountable to the Board and the Committee, being the representatives of the shareholders of the Corporation.

With regard to financial risk management, the Committee's responsibility is one of oversight only. Management is responsible to ensure proper financial risk management policies are in place and being adhered to.

**2. Composition of the Audit Committee**

The audit committee is comprised of the following members; Mr. Elliott Jacobson, Mr. Victor d'Souza and Mr. James W.G. Turner, which are all independent and, each of the members of the audit committee is financially literate.

**3. Audit Committee Oversight**

All recommendations of the audit committee to nominate or compensate an external auditor have been adopted by the board of directors since the commencement of the Corporation's most recently completed financial year.

**4. Reliance on Certain Exemptions**

The Corporation has not relied on the exemption in s.2.4 (De Minims Non-audit Services) or an exemption from Multilateral Instrument 52-110, in whole or in part, granted under Part 8, at any time since the commencement of the Corporation's most recently completed financial year.

**5. Pre-approval Policies and Procedures**

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services.

**6. External Auditor Service Fees (by category)**

For the year ended August 31, 2012 and 2011, MNP LLP received fees from the Corporation as detailed below. In addition, for the years ended August 31, 2012 and 2011, MNP LLP and Leonard Goldberg LLP, received fees from the Corporation as detailed below:

	2012	2011
Audit Fees		
MNP LLP	\$ 4,250	\$ 8,250
Audit-related Fees	Nil	Nil
Tax Fees		
Leonard Goldberg LLP	850	Nil
All Other Fees	Nil	Nil

**7. Exemption**

The Corporation is relying on the exemption in section 6.1 of Multilateral Instrument 52-110.

**SCHEDULE C**  
**RESOLUTION OF SHAREHOLDERS**  
**OF**  
**SURREY CAPITAL CORP.**  
**(the "Corporation")**

**Adoption of Stock Option Plan**

"Be it resolved as an ordinary resolution that:

1. the Stock Option Plan, in the form attached as Schedule D to the Management Information Circular of the Corporation dated as of November 5<sup>th</sup>, 2012 be and is hereby approved and adopted with such modifications as may be required by the TSXV; and
2. any one director or officer of the Corporation be and is hereby authorized and directed to execute and deliver, under seal or otherwise, all such documents and instruments and to do all such other acts and things as in the opinion of such director or officer of the Corporation may be necessary or desirable to give effect to this resolution.

**SCHEDULE D**  
**STOCK OPTION PLAN**  
**OF**  
**SURREY CAPITAL CORP.**  
**(the "Corporation")**

**1. Purpose of the Plan**

- 1.1 Principal Purposes** – The purpose of the Plan is to provide the Participants with an opportunity to purchase Common Shares and benefit from the appreciation thereof. This proprietary interest in the Corporation will provide an increased incentive for the Participants to contribute to the future success and prosperity of the Corporation, thus enhancing the value of the Common Shares for the benefit of all the shareholders and increasing the ability of the Corporation and its Subsidiaries to attract and retain individuals of exceptional skill.

**2. Defined Terms**

- 2.1 Defined Terms** – Where used herein, the following terms shall have the following meanings (all other capitalized terms used and not defined herein shall have the meanings ascribed to them in the TSX Venture Exchange Corporate Finance Manual):

- (a) **"Acceleration Right"** means the Participant's right, in certain circumstances, to exercise its outstanding Option as to all or any of the Common Shares in respect of which such Option has not previously been exercised and which the Participant is entitled to exercise, including in respect of Common Shares not otherwise vested at such time;
- (b) **"Board"** means the board of directors of the Corporation;
- (c) **"Business Day"** means each day other than a Saturday, Sunday or statutory holiday in Ontario, Canada;
- (d) **"Common Shares"** means the Common Shares of the Corporation or, in the event of an adjustment contemplated by Article 8 hereof, such shares to which a Participant may be entitled upon the exercise of an Option as a result of such adjustment;
- (e) **"Corporation"** means Surrey Capital Corp., and includes any successor corporation thereof;
- (f) **"Exchange"** means the TSX Venture Exchange or, if the Common Shares are not then listed and posted for trading on the TSX Venture Exchange, then on any stock exchange in Canada on which such shares are listed and posted for trading or any other regulatory body having jurisdiction as may be selected for such purpose by the Board;
- (g) **"Exercise Notice"** means the notice in writing signed by the Participant or the Participant's legal personal representatives addressed to the Corporation specifying an intention to exercise all or a portion of the Option;
- (h) **"Expiry Time"** means the time at which the Options will expire, being 4:00 p.m. (Toronto time) on a date to be fixed by the Board at the time the Option is granted, which date will not be more than ten years from the date of grant;
- (i) **"Fair Market Value"** means, at any date in respect of the Common Shares, the closing price of the Common Shares as reported by the Exchange on the last trading day immediately preceding such date or, if the Common Shares are not listed on any stock exchange, a price determined by the Board;

- (j) "**Insider**" has the meaning ascribed thereto in the Exchange Corporate Finance Manual;
- (k) "**Option**" means an option to purchase Common Shares from treasury granted by the Corporation to a Participant, subject to the provisions contained herein;
- (l) "**Option Price**" means the price per share at which Common Shares may be purchased under the Option, as the same may be adjusted herein;
- (m) "**Participants**" means the directors, officers and employees of, and consultants to, the Corporation or its Subsidiaries, as defined by the relevant Exchange and, subject to compliance with the applicable requirements of the Exchange, the Personal Holding Companies of such persons, to whom an Option has been granted by the Board pursuant to the Plan and which Option or a portion thereof remains unexercised;
- (n) "**Personal Holding Company**" means a company of which is wholly owned directly by a director, officer or employee of, or consultant to, the Corporation or its Subsidiaries;
- (o) "**Plan**" means this Stock Option Plan of the Corporation, as the same may be amended or varied from time to time;
- (p) "**Subsidiary**" means any corporation that is a subsidiary of the Corporation, as such term is defined under the Business Corporations Act (Ontario), as such provision is from time to time amended, varied or re-enacted; and
- (q) "**Take-Over Bid**" has the meaning ascribed thereto in the Securities Act (Ontario), as such provision is from time to time amended, varied or re-enacted.

### 3. Administration of the Plan

- 3.1 The Board shall administer this Plan. Options granted under the Plan shall be granted in accordance with determinations made by the Board pursuant to the provisions of the Plan as to: (a) the Participants to whom and the time or times at which the Options will be granted; the number of Common Shares which shall be the subject of each Option; (b) any vesting provisions attaching to the Option; and (c) the terms and provisions of the respective stock option agreements, provided however, that each director, officer, employee or consultant shall have the right not to participate in the Plan and any decision not to participate therein shall not affect the employment by or engagement with the Corporation. The Board shall ensure that Participants under the Plan are eligible to participate under the Plan, and, if required by the Exchange, shall represent and confirm that the Participant is a bona fide employee, consultant or management company employee (as defined in the policies of the Exchange).
- 3.2 The Board may, from time to time, adopt such rules and regulations for administering the Plan as it may deem proper and in the best interests of the Corporation and may, subject to applicable law, delegate its powers hereunder to administer the Plan to a committee of the Board (the "**Committee**"). The Committee shall be comprised of two or more members of the Board who shall serve at the pleasure of the Board. Vacancies occurring on the Committee shall be filled by the Board.
- 3.3 The Committee (or the Board where the Committee has not been constituted) shall have the power to delegate to any member of the Board or officer so designated (the "**Administrator**"), the power to determine which Participants are to be granted Options and to grant such Options, the number of Common Shares purchasable under each Option, the Option Price and the time or times when and the manner in which Options are exercisable, and the Administrator shall make such determinations in accordance with the provisions of this Plan and with applicable securities

and stock exchange regulatory requirements, subject to final approval by the Committee or Board.

### 4. Granting of Option

- 4.1 Participants may be granted Options from time to time. The grant of Options will be subject to the conditions contained herein and may be subject to additional conditions determined by the Board from time to time. Each Option granted hereunder shall be evidenced by an agreement in writing, signed on behalf of the Corporation and by the Participant, in such form as the Board shall approve from time to time. Each such agreement shall recite that it is subject to the provisions of this Plan.
- 4.2 The aggregate number of Common Shares of the Corporation allocated and made available to be granted to Participants under the Plan shall not exceed 10% of the issued and outstanding Common Shares of the Corporation as at the date of grant (on a non-diluted basis). Common Shares in respect of which Options are cancelled or not exercised prior to expiry, for any reason, shall be available for subsequent Option grants under the Plan. No fractional shares may be purchased or issued hereunder.
- 4.3 The Corporation shall at all times, during the term of the Plan, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of the Plan.
- 4.4 Any grant of Options under the Plan shall be subject to the following restrictions:
  - (a) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to any one Participant in any 12 month period may not exceed 5% of the Corporation's total issued and outstanding Common Shares, disinterested shareholder approval is obtained;
  - (b) the aggregate number of Common Shares issuable pursuant to Options granted to Insiders pursuant to the Plan and other security based compensation arrangements may not exceed 10% of the Corporation's total issued and outstanding Common Shares, unless disinterested shareholder approval is obtained;
  - (c) the aggregate number of Common Shares issued to Insiders pursuant to the Plan and other security based compensation arrangements within 12 month period may not exceed 10% of the Corporation's total issued and outstanding Common Shares, unless disinterested shareholder approval is obtained;
  - (d) the issuance of Common Shares to any one Consultant within any 12 month period may not exceed 2% of the Corporation's total issued and outstanding Common Shares at the date of grant; and
  - (e) the issuance of Common Shares to an Employee conducting Investor Relations Activities may not exceed, in the aggregate, 2% of the Corporation's total issued and outstanding Common Shares.
- 4.5 Provided that the Corporation is listed on the Toronto Stock Exchange (the "TSX") and is in compliance with applicable TSX requirements, the Board may grant Options which allow a Participant to elect to exercise its Option on a "cashless basis", whereby the Participant, instead of making a cash payment for the aggregate exercise price, shall be entitled to be issued such number of Common Shares equal to the number which results when: (i) the difference between the aggregate Fair Market Value of the Common Shares underlying the Option and the aggregate exercise price of such Option is divided by (ii) the Fair Market Value of each Common Share.

- 4.6 All Options granted pursuant to this Plan shall be subject to rules and policies of the Exchange and any other regulatory body having jurisdiction.
- 4.7 A Participant who has been granted an Option may, if otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional Option if the Board so determines.
5. Option Price
- 5.1 Subject to applicable Exchange approval, the Option Price shall be fixed by the Board at the time the Option is granted to a Participant. In no event shall the price be less than the Discounted Market Price (as defined in the policies of the Exchange). If a press release fixing the price is not issued, the Discounted Market Price is the closing price per Common Share on the Exchange on the last trading day preceding the date of grant on which there was a closing price (less the applicable discount) or, if the Common Shares are not listed on any stock exchange, a price determined by the Board; provided that, if the Board, in its sole discretion, determines that the closing price on the last trading day preceding the date of grant would not be representative of the market price of the Common Shares, then the Board may base the price on the greater of the closing price and the weighted average price per share for the Common Shares for five (5) consecutive trading days ending on the last trading day preceding the date of grant on which there was a closing price on the Exchange. The weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold on the Exchange during the said five (5) consecutive trading days, by the total number of Common Shares so sold.
- 5.2 Once the Option Price has been determined by the Board, accepted by the Exchange and the Option has been granted, if the Optionee is an Insider, the Option Price may only be reduced if "disinterested" shareholder approval is obtained; provided that such "disinterested" shareholder approval is then a requirement of the Exchange or other regulatory body having jurisdiction.
6. Term of Option
- 6.1 The term of the Option shall be a period of time fixed by the Board, not to exceed ten years from the date of grant. Unless the Board determines otherwise, Options shall be exercisable in whole or in part at any time during this period in accordance with such vesting provisions, conditions or limitations (including applicable hold periods) as are herein contained or as the Board may from time to time impose, or as may be required by the Exchange or under applicable securities law.
- 6.2 Each Option and all rights thereunder shall be expressed to expire at the Expiry Time, but shall be subject to earlier termination in accordance with Section 11 hereof.
- 6.3 Subject to any specific requirements of the Exchange, the Board shall determine the vesting period or periods within the Option term, during which a Participant may exercise an Option or a portion thereof.
- 6.4 In addition to any resale restriction under securities laws, an Option may be subject to a four month Exchange hold period commencing on the date the Option is granted.
7. Exercise of Option
- 7.1 Subject to the provisions of the Plan and the terms of any stock option agreement, an Option or a portion thereof may be exercised, from time to time, by delivery of the Exercise Notice to the Corporation's principal office in Toronto, Ontario. The Exercise Notice shall state the intention of the Participant or the Participant's legal personal representative to exercise the said Option or a portion thereof and specify the number of Common Shares in respect of which the Option is then being exercised, and shall be accompanied by the full purchase price of the Common Shares which are the subject of the exercise. Such Exercise Notice shall contain the Participant's

- undertaking to comply, to the satisfaction of the Corporation, with all applicable requirements of the Exchange and any applicable regulatory authorities.
8. Adjustments in Shares
- 8.1 If the outstanding shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation through a re-organization, plan of arrangement, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, an appropriate and proportionate adjustment shall be made by the Board, in its discretion, in the number or kind of shares optioned and the exercise price per share with respect to: (a) previously granted and unexercised Options or portions thereof; and (b) Options which may be granted subsequent to any such change in the Corporation's capital.
- 8.2 Determinations by the Board as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. The Corporation shall not be obligated to issue fractional securities in satisfaction of any of its obligations hereunder.
9. Accelerated Vesting
- 9.1 In the event that certain events such as a liquidation or dissolution of the Corporation or a re-organization, plan of arrangement, merger or consolidation of the Corporation with one or more corporations, as a result of which the Corporation is not the surviving corporation, or the sale by the Corporation of all or substantially all of the property and assets of the Corporation to another corporation prior to the Expiry Time, are proposed or contemplated, the Board may, notwithstanding the terms of this Plan or any stock option agreements issued hereunder, exercise its discretion, by way of resolution, to permit accelerated vesting of Options on such terms as the Board sees fit at that time. If the Board, in its sole discretion, determines that the Common Shares subject to any Option granted hereunder shall vest on an accelerated basis, all Participants entitled to exercise an unexercised portion of Options then outstanding shall have the right at such time, upon written notice being given by the Corporation, to exercise such Options to the extent specified and permitted by the Board and within the time period specified by the Board, which shall not extend past the Expiry Time.
- 9.2 An Option may provide that whenever the Corporation's shareholders receive a Take-Over Bid and the Corporation supports this bid, pursuant to which the "offeror" would, as a result of such Take-Over Bid being successful, beneficially own in excess of 50% of the outstanding Common Shares, the Participant may exercise the Acceleration Right. The Acceleration Right shall commence on the date of the mailing of the Board circular recommending acceptance of the Take-Over Bid and end on the earlier of:
- (a) the Expiry Time; and
- (b) (i) in the event the Take-over Bid is unsuccessful, on the expiry date of the Takeover Bid; and (ii) in the event the Take-over Bid is successful, on the tenth (10<sup>th</sup>) day following the expiry date of the Take-over Bid.
- 9.3 At the time of the termination of the Acceleration Right, the original vesting terms of the Options shall be reinstated with respect to the Common Shares issuable thereunder which were not acquired by the holders of such Options pursuant to the terms thereof. Notwithstanding the foregoing, the Acceleration Right may be extended for such longer period as the Board may resolve.
- 9.4 Provided that the Corporation is listed on Tier 1 of the Exchange, as well as subject to Exchange approval, and it is in compliance with applicable Exchange requirements, the Corporation may satisfy any obligations to a Participant hereunder by paying to the Participant 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 Participant would be entitled upon exercise of all unexercised options, regardless of whether all conditions of exercise relating to continuous employment have been satisfied.

10. Decisions of the Board
- 10.1 All decisions and interpretations of the Board respecting the Plan or Options granted thereunder shall be conclusive and binding on the Corporation and the Participants and their respective legal personal representatives and on all directors, officers, employees and consultants of the Corporation who are eligible to participate under the Plan.
11. Ceasing to be a Director, Officer, Employee or Consultant
- 11.1 Subject to the terms of the applicable stock option agreements and subject to sections 11.2 and 11.5 hereof, in the event of the Participant ceasing to be a director, officer, employee or consultant of the Corporation or a Subsidiary for any reason other than death, including the resignation or retirement of the Participant or the termination by the Corporation or a Subsidiary of the employment of the Participant, prior to the Expiry Time, such Option (including an Option held by a Participant's Personal Holding Company) may be exercised as to such Common Shares in respect of which the Option has not previously been exercised (and as the Participant would have been entitled to exercise) at any time up to and including (but not after) the earlier of: (a) the Expiry Time; and (b) a date that is ninety (90) days (or such other period as may be determined by the Board, provided that such period is not more than one year) following the effective date of such resignation or retirement or a date that is ninety (90) days (or such other period as may be determined by the Board, provided that such period is not more than one year) following the date notice of termination of employment is given by the Corporation or a Subsidiary, whether such termination is with or without reasonable notice, and subject to such shorter period as may be otherwise specified in the stock option agreement, after which date the Option shall forthwith expire and terminate and be of no further force or effect whatsoever.
- 11.2 Options granted to any Optionee while the Corporation is a Capital Pool Company (as defined in Exchange Policy 2.4) (a "CPC") that does not continue as a director, officer, technical consultant or employee of the Resulting Issuer (being the Issuer that was formerly a CPC, which exists upon issuance of the Exchange Bulletin following closing of the Qualifying Transaction) (the "Resulting Issuer"), have a maximum term of the later of 12 months after the Completion of the Qualifying Transaction (as defined in Exchange Policy 2.4) and 90 days after the Optionee ceases to be a director, officer, technical consultant or employee of the Resulting Issuer. Any Common Shares acquired on exercise of Options prior to the Completion of the Qualifying Transaction (as defined in Exchange Policy 2.4) must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin (as defined in Exchange Policy 2.4) is issued.
- 11.3 In consideration of the Option hereby granted, in the event of the resignation or retirement of the Participant or the termination of employment by the Corporation without cause, the Participant hereby covenants not to sue the Corporation for damages arising from the loss of rights granted hereunder and releases the Corporation from any damages.
- 11.4 Notwithstanding the foregoing, in the event of termination for cause, such Option (including an Option held by a Participant's Personal Holding Company) shall expire and terminate immediately at the time of delivery of notice of termination of employment for cause to the Participant by the Corporation or a Subsidiary and shall be of no further force or effect whatsoever as to the Common Shares in respect of which an Option has not previously been exercised.
- 11.5 In the event of the death of a Participant on or prior to the Expiry Time, such Option (including an Option held by a Participant's Personal Holding Company) may be exercised as to such of the Common Shares in respect of which such Option has not previously been exercised (and as the Participant would have been entitled to purchase), by the legal personal representatives of the

Participant at any time up to and including (but not after) a date one (1) year from the date of death of the Participant, after which date the Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

- 11.6 Options shall not be affected by any change of employment of the Participant where the Participant continues to be employed by the Corporation or any of its Subsidiaries.
12. Transferability
- 12.1 All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or to the extent, if any, permitted by the Exchange.
13. Amendment or Discontinuance of Plan
- 13.1 The Board may amend or discontinue the Plan at any time without the consent of the Participants, provided that such amendment shall not alter or impair any Option previously granted under the Plan except as permitted herein, and provided that such amendment or discontinuance has been approved by the Exchange, and where necessary, by the shareholders.
14. Participants' Rights
- 14.1 A Participant shall not have any rights as a shareholder of the Corporation until the issuance of a certificate for Common Shares upon the exercise of an Option or a portion thereof, and then only with respect to the Common Shares represented by such certificate or certificates.
- 14.2 Nothing in the Plan or any Option shall confer upon any Participant any rights to continue in the employ of the Corporation or any Subsidiary or affect in any way the right of the Corporation or any such Subsidiary to terminate the employment of the Participant at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any such Subsidiary to extend the employment of any Participant beyond the time such Participant would normally retire pursuant to the provisions of any present or future retirement plan of the Corporation or any Subsidiary, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Subsidiary.
15. Approvals
- 15.1 The Plan shall be subject, if applicable, to the approval of the Exchange or other regulatory body having jurisdiction at that time and, if so required thereby, to the approval of the shareholders of the Corporation.
- 15.2 Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless such approval and acceptance is given.
16. Government Regulation
- 16.1 The Corporation's obligation to issue and deliver Common Shares under any Option is subject to:
  - (a) the satisfaction of all requirements under applicable securities laws in respect thereof and obtaining all regulatory approvals as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
  - (b) the admission of such Common Shares to listing on any stock exchange on which such Common Shares may then be listed; and



(c) the receipt from the Participant of such representations, warranties, agreements and undertakings as to future dealings in such Common Shares as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

16.2 In this regard, the Corporation shall take all reasonable steps to obtain such approvals and registrations as may be necessary for the issuance of such Common Shares and for the listing of such Common Shares on the Exchange, in compliance with applicable securities laws. If any shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such shares shall terminate and the Option Price paid to the Corporation will be returned to the Participant.

17. Costs

17.1 The Corporation shall pay all costs of administering the Plan.

18. Interpretation

18.1 This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

19. Compliance with Applicable Law

19.1 If any provision of the Plan or any Option contravenes any law or any order, policy, bylaw or regulation of any regulatory body or the Exchange, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

**SCHEDULE E**  
**RESOLUTION OF SHAREHOLDERS**  
**OF**  
**SURREY CAPITAL CORP.**  
**(the "Corporation")**

Be it resolved as a special resolution that:

1. the number of directors of the Corporation be fixed at five (5), and that the board of directors of the Corporation be empowered to determine from time to time the number of directors of the Corporation, such determination to be made by resolution of the board of directors; and

2. any one director or officer of the Corporation be and is hereby authorized and directed to execute and deliver, under seal or otherwise, all such documents and instruments and to do all such other acts and things as in the opinion of such director or officer of the Corporation may be necessary or desirable to give effect to this resolution.

**SCHEDULE F**  
**RESOLUTION OF SHAREHOLDERS**  
**OF**  
**SURREY CAPITAL CORP.**  
**(the "Corporation")**

Be it resolved as a special resolution that:

1. the changing of the name of the Corporation to "**Surrey Resources Corp.**", or such other name as deemed appropriate by the directors of the Corporation subject to and upon completion of the Qualifying Transaction, as evidenced by the issuance by the TSX Venture Exchange of a Final Exchange Bulletin in respect of the Qualifying Transaction, be and is hereby authorized and approved should the directors wish to change the name of the Corporation; and
2. any one director or officer of the Corporation be and is hereby authorized and directed to execute and deliver, under seal or otherwise, all such documents and instruments and to do all such other acts and things as in the opinion of such director or officer of the Corporation may be necessary or desirable to give effect to this resolution.

**SCHEDULE G**  
**RESOLUTION OF SHAREHOLDERS**  
**OF**  
**SURREY CAPITAL CORP.**  
**(the "Corporation")**

Listing of the Corporation on NEX and Cancellation of Seed Shares

"BE IT RESOLVED AS AN ORDINARY RESOLUTION OF THE CORPORATION OF THOSE SHAREHOLDERS ENTITLED TO VOTE THEREON, THAT:

1. in the event that the Corporation does not complete a Qualifying Transaction (as defined in the TSX Venture Exchange ("**TSXV**") Policy 2.4) by the deadline imposed by the TSXV:
  - a. the Corporation shall be authorized to become listed on NEX; and
  - b. up to 50% of the common shares currently held in escrow and purchased by the Non Arm's Length Parties (as defined in TSXV Policy 2.4) of the Corporation, being 1,100,000 common shares of the Corporation shall be cancelled; and
2. any one or more directors and officers of the Corporation are hereby authorized on behalf of the Corporation to take all necessary steps and proceedings, to execute and deliver any and all declarations, agreements, documents and other instruments, and to do all such other acts and things that may be necessary or desirable to give effect to this resolution."

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**SURREY CAPITAL CORP.  
FINANCIAL STATEMENTS  
AUGUST 31 2012 AND 2011**

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**SURREY CAPITAL CORP.**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2012**

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## Management's Responsibility

To the Shareholders of Surrey Capital Corp.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian Generally Accepted Accounting Principles ("CGAAP") that have been revised to incorporate International Financial Reporting Standards ("IFRS") and ensuring that all information in the management discussion and analysis is consistent with these financial statements. This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of directors who are neither management nor employees of Surrey Capital Inc. and the Audit Committee is comprised entirely of directors that are neither management nor employees. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, and with the external auditors. The Board is also responsible for recommending the appointment of the external auditor of Surrey Capital Corp.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, the Board, Audit Committee, and management to discuss their audit findings.

/s/ "Claude Ayache"  
Claude Ayache  
Chief Executive Officer

September 27, 2012  
Toronto, Ontario

1.

## INDEPENDENT AUDITOR'S REPORT



To the Shareholders of Surrey Capital Corp.

We have audited the accompanying financial statements of Surrey Capital Corp., which comprise the statements of financial position as at August 31, 2012, August 31, 2011 and September 13, 2010, and the statements of shareholders' equity, statements of operations and comprehensive loss and statements of cash flows for the period from September 13, 2010 to August 31, 2011 and for the year ended August 31, 2012, 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 International Financial Reporting Standards, 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. 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 controls 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 controls. 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 we have obtained 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 Surrey Capital Corp. as at August 31, 2012, August 31, 2011 and September 13, 2010, and its financial performance and its cash flows for the period from September 13, 2010 to August 31, 2011 and for the year ended August 31, 2012 in accordance with International Financial Reporting Standards.

### *Emphasis of Matter*

We draw attention to Note 1 to the financial statements which describes the uncertainties related to the continuing operations of Surrey Capital Corp. being dependent on its ability to complete a qualifying transaction. Our opinion is not qualified in respect of this matter.

September 27, 2012  
Toronto, Ontario

**MNP LLP**  
Chartered Accountants  
Licensed Public Accountants



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2.

**SURREY CAPITAL CORP.**  
**STATEMENTS OF FINANCIAL POSITION**  
 (All Amounts are in Canadian Dollars)

As at August 31, 2012 August 31, 2011 September 13, 2010  
 (Note 15) (Note 15)

**ASSETS**

CURRENT

Cash and cash equivalents (Note 5)	\$ 445,252	\$ 475,036	\$ ---
Sundry receivables	1,783	1,292	---
Prepaid expenses	<u>1,733</u>	<u>---</u>	<u>---</u>
	<u>\$ 448,768</u>	<u>\$ 476,328</u>	<u>\$ ---</u>

**LIABILITIES**

CURRENT

Accounts payable and accrued liabilities	<u>\$ 10,229</u>	<u>\$ 7,000</u>	<u>\$ ---</u>
	<u>10,229</u>	<u>7,000</u>	<u>---</u>

**SHAREHOLDERS' EQUITY**

SHARE CAPITAL (Note 6)

Issued and Outstanding – 2012 & 2011 7,428,000, 2010	496,386	496,386	---
CONTRIBUTED SURPLUS (Note 7)	28,273	28,273	---
ACCUMULATED DEFICIT	<u>(86,120)</u>	<u>(55,331)</u>	<u>---</u>
	<u>438,539</u>	<u>469,328</u>	<u>---</u>
	<u>\$ 448,768</u>	<u>\$ 476,328</u>	<u>\$ --</u>

Nature of Organization (Note 1)  
 Contingency (Note 10)

Approved on behalf of the board of directors:

/s/ "Victor D'Souza"  
 Victor D'Souza, Director

/s/ "Elliott Jacobson"  
 Elliott Jacobson, Director

See Accompanying Notes

3.

**SURREY CAPITAL CORP.**  
**STATEMENTS OF SHAREHOLDER'S EQUITY**  
 (All Amounts are in Canadian Dollars)

	Number of Common Shares	Amount of Common Shares	Contributed Surplus	Accumulated Deficit	Shareholders' Equity
Balance, September 13, 2010	---	\$ ---	\$ ---	\$ ---	\$ ---
Issuance of common shares for cash prior to the initial public offering ("IPO")	2,500,000	125,000	---	---	125,000
Issuance of common shares for cash at time of IPO	4,928,000	492,800	---	---	492,800
Cost of issuance of common shares	---	(121,414)	7,618	---	(113,796)
Vesting of incentive stock options	---	---	18,777	---	18,777
Vesting of charitable stock options	---	---	1,878	---	1,878
Net loss for the period	---	---	---	(55,331)	(55,331)
Balance, August 31, 2011	<u>7,428,000</u>	<u>\$ 496,386</u>	<u>\$ 28,273</u>	<u>\$ (55,331)</u>	<u>\$ 469,328</u>
Net loss for the year	---	---	---	(30,789)	(30,789)
Balance, August 31, 2012	<u>7,428,000</u>	<u>\$ 496,386</u>	<u>\$ 28,273</u>	<u>\$ (86,120)</u>	<u>\$ 438,539</u>

See Accompanying Notes

4.

**SURREY CAPITAL CORP.**  
**STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
 (All Amounts are in Canadian Dollars)

For the Period from To August 31,	Sept 1, 2011 2012	Sept 13, 2010 2011
<b>EXPENSES</b>		
General and administrative (Note 11)	\$ 36,076	\$ 50,000
<b>LOSS BEFORE UNDERNOTED</b>	(36,076)	(50,000)
INTEREST INCOME	5,287	2,920
PROJECT ANALYSIS COSTS	---	(8,251)
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	<u>\$ (30,789)</u>	<u>\$ (55,331)</u>
<b>NET LOSS PER COMMON SHARE</b>		
Loss per common share – basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>
Weighted average number of common shares outstanding – basic and diluted	<u>7,428,000</u>	<u>5,511,216</u>

See Accompanying Notes

5.

**SURREY CAPITAL CORP.**  
**STATEMENTS OF CASH FLOWS**  
 (All Amounts are in Canadian Dollars)

For the Period from To August 31,	Sept 1, 2011 2012	Sept 13, 2010 2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the year and for the period	\$ (30,789)	\$ (55,331)
Non-cash expenses:		
Charitable stock options (Note 8)	---	1,878
Share-based payments (Note 8)	---	18,777
	<u>(30,789)</u>	<u>(34,676)</u>
Net change in operating assets and liabilities		
Sundry receivable	(491)	(1,292)
Prepaid expenses	(1,733)	---
Accounts payable and accrued liabilities	<u>3,229</u>	<u>7,000</u>
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<u>(29,784)</u>	<u>(28,968)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Common share issuance costs	---	(113,796)
Issuance of common shares	---	617,800
<b>CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>	<u>---</u>	<u>504,004</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(29,784)	475,036
<b>CASH AND CASH EQUIVALENTS</b>		
- Beginning of period	<u>475,036</u>	<u>---</u>
<b>CASH AND CASH EQUIVALENTS</b>		
- End of period	<u>\$ 445,252</u>	<u>\$ 475,036</u>
<b>CASH AND CASH EQUIVALENTS, represented as follows:</b>		
Cash	\$ 145,252	\$ 25,036
Short-term deposit	300,000	450,000
<b>SUPPLEMENTAL INFORMATION</b>		
Interest received	\$ 5,645	\$ 2,145
Interest paid	—	—
Income taxes paid	—	—
<b>NON-CASH FINANCING ACTIVITY</b>		
Issuance of Agent's Warrants	—	7,618

See Accompanying Notes

6.

SURREY CAPITAL CORP.  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2012 AND 2011  
(All Amounts are in Canadian Dollars)

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## 1. Nature of Organization

### *Description of the Business*

Surrey Capital Corp. (the "**Corporation**") was incorporated under the Business Corporations Act (*Ontario*) on September 13, 2010 with the intent to be classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "**Exchange**") corporate finance manual. The Corporation has no assets other than cash and cash equivalent, sundry receivables and prepaid expenses and proposes to identify and evaluate potential acquisitions or businesses, and once identified and evaluated, to negotiate an acquisition or participation subject to receipt and, if required, shareholders' approval.

The Corporation's registered head office is 466A Ellerslie Ave, Toronto, Ontario, M2R 1C4.

These financial statements of the Corporation were authorized for issue in accordance with a resolution of the board of directors on September 27, 2012.

### *Basis of Operations*

These financial statements have been prepared in accordance with International Financial Reporting Standards applied on a going concern basis, which assumes that the Corporation 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 financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Corporation be unable to continue its operations.

As a Capital Pool Company, the proceeds raised by the Corporation from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investments, with the exception that not more than the lesser of 30% of the gross proceeds from the sale of securities issued by the Corporation and \$210,000 may be used to cover prescribed costs of issuing common shares or administrative and general expenditures of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the policies of the Exchange.

The Corporation's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory approval and, if required, shareholder approval.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Corporation to fund its potential future operations and commitments is dependent upon the ability of the Corporation to obtain additional financing.

There is no assurance that the Corporation will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or delist the Corporation's shares from trading.

## 2. Basis of Presentation

### *Statement of Compliance*

These financial statements have been prepared in accordance Canadian Generally Accepted Accounting Principles ("**CGAAP**") that have been revised to incorporate International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("**IASB**").

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## 2. Basis of Preparation - continued

This is the first fiscal year in which the Corporation's financial statements are prepared in accordance with CGAAP since it has been revised to incorporate IFRS. The disclosures required by the provisions of IFRS 1, "First-time adoption of International Financial Reporting Standards" ("IFRS 1"), explaining how the transition to IFRS has affected the reported financial performance, cash flows and financial position of the Corporation, are presented in note 15.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

## 3. Summary of Significant Accounting Policies

### *Basis of Measurement*

These financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

### *Use of Estimates and Judgments*

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the financial statements are disclosed in note 4.

### *Functional and presentation currency*

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

### *Cash and Cash Equivalents*

Cash and cash equivalents include demand deposits with banks, money market accounts, and other short-term investments with original maturities of 90 days or less. Balances of cash and cash equivalents in financial institutions may at times exceed the government-insured limits.

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**3. Summary of Significant Accounting Policies - continued**

*Income Taxes*

Tax expense comprises current and deferred tax. Tax is recognized in the statement of comprehensive income except to the extent it relates to items recognized in other comprehensive income or directly in equity.

*Current Income Tax*

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

*Deferred Tax*

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

*Earnings (Loss) Per Share*

Earnings (loss) per share is calculated by dividing the net loss applicable to common shares by the weighted average number of shares outstanding during the period. Diluted earnings (loss) per share is computed by dividing the net loss applicable to common shares by the diluted weighted average number of shares which assumes that all outstanding stock options granted with an exercise price below the average market value are exercised during the period. The difference between the number of shares assumed and the number of shares assumed purchased is then included in the denominator of the diluted earnings per share computation.

*Non-derivative Financial Instruments*

Non-derivative financial instruments are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has substantially transferred all risks and rewards of ownership. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

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**3. Summary of Significant Accounting Policies - continued**

Financial assets are classified into the following categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity investments', 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

*Fair Value Through Profit or Loss*

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of operations. Gains and losses arising from changes in fair value are presented in the statement of operations within other gains and losses in the period in which they arise.

Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current.

*Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method.

*Other Financial Liabilities*

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

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**3. Summary of Significant Accounting Policies - continued**

*Impairment of financial assets*

Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events which have had a negative effect on the estimated future cash flows of the asset.

If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset discounted at its original effective interest rate. Impairment losses are recorded in earnings. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is recognized in earnings.

The following is a summary of significant categories of financial instruments outstanding at August 31, 2012:

Cash	Fair value through profit and loss
Sundry receivables	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

Carrying value and fair value of financial assets and liabilities are summarized as follows:

Classification	Carrying value	Fair value
Fair value through profit and loss	\$ 445,252	\$ 445,252
Loans and receivables	1,783	1,783
Other financial liabilities	10,229	10,229

*Fair Value Hierarchy*

The Corporation classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation technique used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

As of August 31, 2012 cash and cash equivalents are measured at fair value and are classified within Level 1 of the fair value hierarchy.

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**3. Summary of Significant Accounting Policies - continued**

*Impairment of non-financial assets*

The Corporation's assets are reviewed for indications of impairment at each statement of financial position's date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets the unit on a pro-rata basis.

*Share-based Payments*

Stock options issued by the Corporation are accounted for in accordance with the fair value based method. The fair value of options issued to directors, officers, employees of and consultants to the Corporation is charged to earnings on a straight line basis over the vesting period of each tranche (graded vesting) with the offsetting amount recorded to contributed surplus. The historical forfeiture rate is also factored in to the calculations. When options are exercised, the amount received together with the amount previously recorded in contributed surplus, are added to capital stock. The fair value of warrants issued to agents in conjunction with a public offering is charged to share issue costs with an offsetting amount recorded to contributed surplus. Fair value is measured using the Black-Scholes option pricing model.

*Equity Instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recorded at the proceeds received, net of direct issue costs.

*Warrants*

The Corporation measures the fair value of warrants issued using the Black-Scholes option pricing model. The fair value of each warrant is estimated based on their respective issuance dates taking into account volatility, expected life, the dividend rate, and the risk free interest rate. The fair value of warrants issued in conjunction with an offering is charged to share issue costs with an offsetting amount recorded to contributed surplus. The fair value of warrants exercised is recorded as share capital, and the fair value of any expired warrants is recorded as contributed surplus general account.

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**3. Summary of Significant Accounting Policies - continued**

*Recent Accounting Pronouncements*

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are not yet effective for the year ending August 31, 2012. The standards impacted that are applicable to the Corporation are as follows:

i) IFRS 9, 'Financial Instruments' was issued in November 2009 as the first step in its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting January 1, 2015, with early adoption permitted. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment and hedge accounting. The Corporation is currently assessing the impact of this standard and does not plan on early adoption.

(ii) In May 2011, the IASB issued the following standards which have not yet been adopted by the Corporation IFRS 10, Financial Statements ("IFRS 10"), IFRS 11, Joint Arrangements ("IFRS 11"), IFRS 12, Disclosure of Interest in Other Entities ("IFRS 12") and IFRS 13, Fair Value Measurement ("IFRS 13"). Each of these new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Corporation has not yet begun the process of assessing the impact that the new standards will have on its condensed interim financial statements and annual financial statements or whether to early adopt any of the new requirements.

The following is a brief summary of the new standards:

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces Standing Interpretations Committee ("SIC")-1212 Consolidation – Special Purpose Entities and parts of IAS 27 and Separate Financial Statements.

IFRS 11 requires a venture to classify its interest in a joint arrangement as a joint venture or joint operations. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation, the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operations. Under existing IFRS, entities have the choice between proportionately consolidate or equity account for interest in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities – Non-monetary Contributions by Venturers.

IFRS 12 establishes disclosure requirements for interest in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interest in other entities.

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**3. Summary of Significant Accounting Policies - continued**

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

(iii) International Accounting Standard ("IAS") 1, 'Presentation of Financial Statements' was amended to stipulate the presentation of net earnings and other comprehensive income ("OCI") and also require the grouping of items within OCI based on whether the items may be subsequently reclassified to profit or loss. This amendment is applicable for annual periods beginning on or after January 1, 2011.

(iv) IAS 12, 'Income Taxes' was amended to require that deferred tax on non-depreciable assets be determined based on the rebuttable presumption that the assets will be recovered entirely through sale. This amendment is applicable for annual periods beginning on or after January 1, 2012.

(v) IAS 19, 'Employee Benefits' was amended to require recognition of changes in the defined benefit obligations and in fair value of plan assets when they occur, hence accelerating the recognition of past service costs. This amendment is applicable for annual periods beginning on or after January 1, 2013.

(vi) IAS 32, 'Financial Instruments: Presentation' was amended to provide specific guidance for when an entity can offset financial assets and liabilities by clarifying when a legally enforceable right to do so exists, and when an entity meets the criterion for the intent to settle on a net basis. This amendment is applicable for annual periods beginning on or after January 1, 2014.

The Corporation is currently assessing the impact of adopting these standards.

**4. Summary of Accounting Estimates and Assumptions**

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

*Fair Value of Financial Instruments*

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

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**4. Summary of Accounting Estimates and Assumptions - continued**

*Share-Based Payment Transactions*

The Corporation measures the cost of share-based payment transactions with employees by reference to the fair value of the equity instruments. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield and forfeiture rate of the share option. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 8.

*Taxes*

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determinations are made.

**5. Cash and Cash Equivalents**

As at August 31, 2012, cash and cash equivalents of \$445,252 (2011 - \$475,036) includes \$349,608 (2011 - \$352,978), which, under the rules of the Exchange, may only be used to identify and evaluate assets or businesses for, and obtain shareholder approval of, a proposed Qualifying Transaction and \$95,644 (2011 - \$122,058) which may be used for administrative and general expenses.

**6. Share Capital**

a) Authorized and issued

The Corporation is authorized to issue an unlimited number of common shares and unlimited preferred shares.

b) Escrow Shares

All of the 2,500,000 common shares issued prior to the IPO and all common shares that may be acquired from treasury of the Corporation by Non Arm's Length Parties, as defined in the policies of the Exchange, of the Corporation prior to completion of the Qualifying Transaction are deposited with the escrow agent under the escrow agreement.

All common shares acquired on exercise of stock options prior to the completion of the Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued by the Exchange. In addition, all common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be escrowed.

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**7. Contributed Surplus**

The Corporation's contributed surplus consists of the following:

	General	Incentive Stock Option	Warrants	Total
Balance, September 13, 2010	\$ ---	\$ ---	\$ ---	\$ ---
Issuance of agent's warrants	---	---	7,618	7,618
Vesting of charitable stock options	1,878	---	---	1,878
Vesting of incentive stock options	---	18,777	---	18,777
Balance, August 31, 2011 and 2012	\$ 1,878	\$ 18,777	\$ 7,618	\$ 28,273

**8. Stock Options and Warrants**

The Corporation's Incentive Stock Option Plan (the "Plan") provides for the issuance of a maximum of 10% of the issued and outstanding common shares at an exercise price equal or greater than the market price of the Corporation's common shares on the date of the grant to directors, officers, employees and consultants to the Corporation. The option period for options granted under the Plan is for a maximum period of 10 years. Options granted may vest over certain time periods within the option period, which will limit the number of options that may be exercised. Each stock option is exercisable into one common share of the Corporation at the price specified in the terms of the option.

The fair value of the options was based on the Black Scholes option-pricing model. The following assumptions were used to value them:

	Fiscal 2011
Number of incentive stock options	742,800
Number of charitable stock options	74,280
Exercise price	\$ 0.10
Expected life	5 years
Weighted average risk-free interest rate	1.62%
Weighted average expected volatility	25.0%
Dividend yield	0.0%
Forfeiture rate	0.0%
Fair value	\$0.025

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**8. Stock Options and Warrants - continued**

The stock options activity is summarized below:

	Number	Weighted Average Exercise Price
Balance, September 13, 2010	---	N/A
Granted	817,080	0.10
Exercised	---	N/A
Cancelled	---	N/A
Forfeited	---	N/A
Balance, August 31, 2011 and 2012	<u>817,080</u>	<u>\$ 0.10</u>

The following table summarizes the weighted average exercise price and the weighted average remaining contractual life of the options outstanding and exercisable as at August 31, 2012.

Outstanding				Exercisable			
Exercise Price	Options Outstanding	Expiry Date	Weighted Average Remaining Life	Weighted Average Price	Quantity	Weighted Average Price	
\$ 0.10	74,280	January 27, 2016	3.7 years	\$ 0.10	74,280	\$ 0.10	
0.10	742,800	January 27, 2021	8.7 Years	0.10	742,800	0.10	

The fair value of the warrants was based on the Black Scholes option-pricing model. The following assumptions were used to value them:

	Fiscal 2011
Number of agent warrants	492,800
Exercise price	\$ 0.10
Expected life	2 years
Weighted average risk-free interest rate	1.62%
Weighted average expected volatility	25.0%
Dividend yield	0.0%
Forfeiture rate	0.0%
Fair value	\$0.015

The warrants activity is summarized below:

	Number	Weighted Average Exercise Price
Balance, September 13, 2010	---	N/A
Granted	492,800	0.10
Exercised	---	N/A
Cancelled	---	N/A
Forfeited	---	N/A
Balance, August 31, 2011 and 2012	<u>492,800</u>	<u>\$ 0.10</u>

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**8. Stock Options and Warrants - continued**

The warrants that are issued and outstanding as at August 31, 2012 are as follows:

Number of Warrants	Type	Issuance Date	Expiry Date
492,800	Broker Warrant	January 27, 2011	January 27, 2013

**9. Related Party Transactions**

Amounts due from and to the related parties, are a result of transactions with entities controlled by shareholders, officers or directors of the Corporation. These amounts are non-interest bearing, unsecured and not subject to specific terms of repayment unless stated.

During the period ended August 31, 2012, the Corporation recorded \$21,000 (2011 - \$34,311) in respect of the reimbursement of expenditures incurred on behalf of the Corporation by the directors of the Corporation or a company controlled by an officer of the Corporation with regards to office expenses, premises, regulatory fees, and project analysis costs.

At August 31, 2012, \$Nil (2011 - \$Nil) was due to a related party is included in accounts payables and accrued liabilities.

These transactions are in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

**10. Contingency**

While the Corporation has 24 months from the date of listing being February 2011 to complete a Qualifying Transaction, there is no assurance that the Corporation will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Corporation's shares from trading.

From time to time, the Corporation may be exposed to claims and legal actions in the normal course of business, some of which may be initiated by the Corporation. As at August 31, 2012, no issues were outstanding.

**11. General and Administrative**

For the period from To August 31,	Sept. 1, 2011 2012	Sept. 13, 2010 2011
Bank charges	\$ 25	\$ 139
Office expenses	11,010	14,128
Professional fees	4,375	5,906
Regulatory and filing fees	10,676	3,000
Premises	9,000	8,050
Share-based payments	---	18,777
Telecommunication	990	---
	<u>\$ 36,076</u>	<u>\$ 50,000</u>

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**12. Income Taxes**

The Corporation's effective income tax rate differs from the amount that would be computed by applying the combined federal and provincial statutory rate of 27.08% (2011 - 30.0%) to the net loss for the periods. The reason for the difference is as follows:

	2012	2011
Statutory Rate	27.08%	30.00%
Loss before income taxes	\$ (30,789)	\$ (55,331)
Recovery of income taxes based on statutory rate	(8,339)	(16,599)
Adjustment to income taxes:		
Share-based payments (permanent difference)	-	5,633
Changes in rates of temporary differences	(2,370)	3,042
Unrecognized benefit of deductible temporary differences	-	(31,568)
Change in deferred tax assets not recognized	10,709	39,492
Income tax recovery	\$ -	\$ -

The Corporation's deferred income tax asset, computed by applying a future federal and provincial statutory rate of 26.5% (2011 - 25%), comprises the following:

	August 31, 2012	August 31, 2011
Non-capital losses carried forward	\$ 30,716	\$ 15,209
Share issuance costs	19,305	24,283
Deferred tax assets not recognized	(50,021)	(39,492)
	\$ -	\$ -

At August 31, 2012, the Corporation has a non-capital loss of \$121,196 (2011 - \$60,837) available for carry-forward which has not been recognized in these financial statements. These losses expire as follows:

Year	Amount
2031	\$ 60,837
2032	60,356
	\$ 121,196

The Corporation has not recorded deferred tax assets related to these unused carry forward losses and shares issuance costs as it is not probable that future taxable profits will be available against which these losses can be utilized.

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**13. Risk Management**

In addition to the restrictions placed on the use of cash discussed in note 5, the Corporation manages its common shares, stock options and warrants as capital. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk, as there are no external restrictions on it.

The Corporation 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 Corporation may attempt to issue new shares, issue new debt, acquire or dispose of assets in order to adjust the amount of cash on its balance sheet.

The Corporation's capital structure is as follows:

	August 31,	
	2012	2011
Share capital	\$ 496,386	\$ 496,386
Contributed surplus – general	1,878	1,878
Contributed surplus – incentive stock options	18,777	18,777
Contributed surplus – warrants	7,618	7,618
Accumulated deficit	(86,120)	(55,331)
	\$ 438,539	\$ 469,328

In order to facilitate the management of its capital requirements, the Corporation may prepare expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing efforts, the Corporation does not pay out dividends. The Corporation's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

Management reviews its approach on an ongoing basis and believes that this approach, given the relative size of the Corporation, is reasonable.

**14. Financial Instruments**

**Liquidity Risk**

Liquidity risk is the risk that the Corporation cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is net operating income, which is used to finance working capital and capital expenditure requirements, and to meet the Corporation's financial obligations associated with financial liabilities.

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14. Financial Instruments - continued

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk. Obtaining long-term debt with fixed interest rates minimizes interest rate cash flow risk.

The Corporation does not trade in financial instruments and is not exposed to any significant interest rate price risk.

**Market Risk**

Market risk is the risk that changes in market prices will have an effect on future cash flows associated with financial instruments. Market risk comprises three types of risk: credit risk, currency risk and other price risk.

**Credit Risk**

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses.

As of the date of these financial statements the Corporation's only debtor is the government of Canada for Harmonized sales tax ("HST") receivable and therefore the Corporation does not believe it is currently exposed to any significant credit risk.

**Currency Risk**

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Corporation does not have any material transactions denominated in foreign currency and is not exposed to foreign currency risk.

**Other Price Risk**

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. The cash flows associated with financial instruments of the Corporation are not exposed to other price risk.

**Fair Values**

Financial instruments include cash and cash equivalents, sundry receivable, and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair value due to the short term nature of financial instruments.

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15. Conversion to IFRS

(i) *Overview*

As stated in Basis of Preparation note 2, these financial statements have been prepared in accordance with CGAAP, which now incorporates IFRS as issued by the IASB.

The policies set out in the Significant Accounting Policies section have been applied in preparing these financial statements for the year ended August 31, 2012 and in the preparation of an opening IFRS balance sheet at September 13, 2010 (the Corporation's date of transition and incorporation).

(ii) *First-time adoption of IFRS*

The Corporation did not use the exemptions listed in IFRS 1.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Corporation's opening IFRS statement of financial position as at the Transition Date are consistent with those that were made under CGAAP.

(iii) *Changes to accounting policies*

The Corporation has changed certain accounting policies to be consistent with IFRS. However, these changes to its accounting policies have not resulted in any significant change to the recognition and measurement of assets, liabilities, equity, revenue and expenses within its financial statements.

The following summarizes the significant changes to the Corporation's accounting policies on adoption of IFRS.

(a) *Transaction costs*

IFRS requires transaction costs, other than those associated with the issue of debt or equity securities that the Corporation incurs in connection with a business combination to be expensed as incurred. Previously, the Corporation's CGAAP policy was to capitalize transaction costs as incurred until the business combination was completed. The Corporation's accounting policies related to transaction costs have been changed to reflect these differences. As the Corporation has not yet had a business combination, there is no impact in these financial statements.

(b) *Share-based Payments*

Under IFRS, the fair value of the share options is measured at the grant date and recognized over the period during which the options vest. The fair value of share options granted to officers, directors, employees and consultants is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in contributed surplus.

Previously, under CGAAP, the share-based compensation cost for officers, directors, employees and consultants is measured at fair value at the date of grant and is expensed over the vesting period using straight-line method, with an offsetting credit to contributed surplus.

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**15. Conversion to IFRS - continued**

The Corporation's accounting policies related to Share-based payments have been changed to reflect these differences. There is no impact on these financial statements.

*(iv) Reconciliation from CGAAP to IFRS*

The September 13, 2010 CGAAP financial position has been reconciled to IFRS as follows:

	CGAAP	Effect of Transition to IFRS	IFRS
<b>Current Assets</b>			
Cash and cash equivalents	\$ ---	\$ ---	\$ ---
	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>
<b>Shareholders' equity</b>			
Capital stock	---	---	---
	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

The August 31, 2011 CGAAP financial position has been reconciled to IFRS as follows:

	CGAAP	Effect of Transition to IFRS	IFRS
<b>Current Assets</b>			
Cash and cash equivalents	\$ 475,036	\$ ---	\$ 475,036
Sundry receivables	1,292	---	1,292
	<u>\$ 476,328</u>	<u>\$ ---</u>	<u>\$ 476,328</u>
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	\$ 7,000	\$ ---	\$ 7,000
	<u>7,000</u>	<u>---</u>	<u>7,000</u>
<b>Shareholders' equity</b>			
Share capital	496,386	---	496,386
Contributed surplus	28,273	---	28,273
Accumulated Deficit	(55,331)	---	(55,331)
	<u>469,328</u>	<u>---</u>	<u>469,328</u>
	<u>\$ 476,328</u>	<u>\$ ---</u>	<u>\$ 476,328</u>

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**15. Conversion to IFRS - continued**

The period from September 13, 2010 to August 31, 2011 CGAAP statement of operation and comprehensive loss reconciliation to IFRS as follows:

	CGAAP	Effect of Transition to IFRS	IFRS
<b>Revenues</b>	\$ ---	\$ ---	\$ ---
<b>Expenses</b>			
General and administrative	\$ 50,000	\$ ---	\$ 50,000
	<u>50,000</u>	<u>---</u>	<u>50,000</u>
	<u>(50,000)</u>	<u>---</u>	<u>(50,000)</u>
Interest income	2,920	---	2,920
Project analysis costs	(8,251)	---	(8,251)
	<u>(8,251)</u>	<u>---</u>	<u>(8,251)</u>
<b>Net loss and comprehensive loss</b>	<u>\$ (55,331)</u>	<u>\$ ---</u>	<u>\$ (55,331)</u>

The period from September 13, 2010 to August 31, 2011 CGAAP statement of cash flow reconciliation to IFRS as follows:

	CGAAP	Effect of Transition to IFRS	IFRS
<b>Net loss</b>	\$ (55,331)	\$ ---	\$ (55,331)
<b>Non-cash items</b>			
Charitable stock options	1,878	---	1,878
Share-based payments	18,777	---	18,777
	<u>(34,676)</u>	<u>---</u>	<u>(34,676)</u>
<b>Changes in operating assets and liabilities:</b>			
Sundry receivables	(1,292)	---	(1,292)
Accounts payable and accrued liabilities	7,000	---	7,000
Cash Flows Provided by (Used In) Operating Activities	<u>(28,968)</u>	<u>---</u>	<u>(28,968)</u>
<b>Cash Flows from Financing Activities</b>			
Common share issuance costs	(113,796)	---	(113,796)
Issuance of common shares	617,800	---	617,800
Cash Flows Provided by (Used In) Financing Activities	<u>504,004</u>	<u>---</u>	<u>504,004</u>
<b>Increase in Cash and Cash Equivalents</b>	475,036	---	475,036
<b>Cash and Cash equivalents</b>			
Beginning of the period	---	---	---
End of the period	<u>\$ 475,036</u>	<u>\$ ---</u>	<u>\$ 475,036</u>