

**NU2U RESOURCES CORP.**  
**615, 800 West Pender Street**  
**Vancouver, BC V6C 2V6**  
**Telephone: 604 638 3946 Fax: 604 689 3609**

**INFORMATION CIRCULAR**

as at Thursday, December 24, 2015 (*except as otherwise indicated*)

**This Information Circular is furnished in connection with the solicitation of proxies by the management of NU2U Resources Corp. for use at the annual general meeting (the “Meeting”) of its shareholders to be held on Thursday, January 28, 2016 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.**

In this Information Circular, references to “the Company”, “we” and “our” refer to NU2U Resources Corp. “Common Shares” means common shares in the capital of the Company. “Beneficial Shareholders” means shareholders who do not hold Common Shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

**GENERAL PROXY INFORMATION**

**Solicitation of Proxies**

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

**Appointment of Proxyholders**

The individuals named in the accompanying form of proxy (the “Proxy”) are officers and/or directors of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

**Voting by Proxyholder**

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors,
- (b) any amendment to or variation of any matter identified therein, and
- (c) any other matter that properly comes before the Meeting.

**In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.**

## Registered Shareholders

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by choosing one of the following methods:

- (a) complete, date and sign the enclosed form of proxy and return it to the Company's transfer agent, Computershare Trust Company of Canada ("Computershare"), by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail or by hand to the 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; or
- (b) use a touch-tone phone to transmit voting choices to the toll-free number given in the proxy. Registered shareholders must follow the instructions of the voice response system and refer to the enclosed proxy form for the toll-free number, the holder's account number and the proxy access number; or
- (c) log onto Computershare's website at [www.investorvote.com](http://www.investorvote.com). Registered Shareholders must follow the instructions provided on the website and refer to the enclosed proxy form for the holder's account number and the proxy access number.

In either case you must ensure the proxy is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment thereof. Failure to complete or deposit a proxy properly may result in its invalidation. The time limit for the deposit of proxies may be waived by the Company's board of directors (the "Board") at its discretion without notice.

## Beneficial Shareholders

**The following information is of significant importance to shareholders who do not hold Common Shares in their own name.** Beneficial Shareholders should note the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of Common Shares) or as set out in the following disclosure.

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms), and in the United States of America (the "U.S." or the "United States") the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

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

The Company is taking advantage of the provisions of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101") of the Canadian Securities Regulators, which permit the Company to deliver proxy-related materials directly to its NOBOs. As a result NOBOs can expect to receive a scannable Voting Instruction Form ("VIF") from our transfer agent, Computershare.

The VIF is to be completed and returned to Computershare in the envelope provided or by facsimile, or a NOBO has the option to submit their proxy vote either by telephone or via the internet in the manner described on the VIF. Computershare tabulates the results of the voting on the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by those VIFs.

These securityholder materials are sent to both registered and non-registered owners of the securities of the Company. If you are a non-registered owner, and the Company or its agent sent these materials directly to you, your name, address and information about your holdings of securities, were obtained in accordance with applicable securities regulatory requirements from the intermediary holding securities on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding securities on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in your request for voting instructions.

Beneficial Shareholders who are OBOs should follow the instructions of their intermediary carefully to ensure that their Common Shares are voted at the Meeting.

The form of proxy supplied to you by your broker will be similar to the proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“Broadridge”) in Canada and in the United States. Broadridge mails a VIF in lieu of a proxy provided by the Company. The VIF will name the same persons as the Company’s Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), different from the persons designated in the VIF, to represent your Common Shares at the Meeting, and that person may be you. To exercise this right insert the name of your desired representative (which may be you) in the blank space provided in the VIF. Once you have completed and signed your VIF return it to Broadridge by mail or facsimile, or deliver your voting instructions to Broadridge by phone or via the internet, in accordance with Broadridge’s instructions. Broadridge tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **If you receive a VIF from Broadridge, it must be completed and returned to Broadridge, in accordance with Broadridge’s instructions, well in advance of the Meeting in order to: (a) have your Common Shares voted at the Meeting as per your instructions; or (b) have an alternate representative chosen by you duly appointed to attend and vote your Common Shares at the Meeting.**

#### **Notice to Shareholders in the United States**

The solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States *Securities Exchange Act* of 1934, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the *Business Corporations Act* (British Columbia), as amended, certain of its directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

## Revocation of Proxies

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or duly authorized attorney, and by delivering the proxy bearing a later date to Computershare or at the address of the registered office of the Company at 615, 800 West Pender Street, Vancouver, BC V6C 2V6, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or
- (b) personally attending the Meeting and voting the registered shareholder's Common Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

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

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

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Board has fixed **Thursday, December 24, 2015** as the record date (the "Record Date") for determining persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

The Company is authorized to issue an unlimited number of Common Shares. As of the Record Date, there were **23,849,615** Common Shares without par value issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares.

To the knowledge of the directors and executive officers of the Company, the only persons or corporations that beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company as at the Record Date are:

Shareholder Name	Number of Common Shares Held	Percentage of Issued Common Shares
Code Consulting Ltd. <sup>1</sup>	9,530,000	39.96%

Notes:

<sup>1</sup> Code Consulting Ltd. is a company wholly-owned and controlled by Lance Tracey, the Company's Chief Executive Officer.

The following documents filed with the securities commissions or similar regulatory authority in British Columbia and Alberta are specifically incorporated by reference into, and form an integral part of, this information circular:

- Financial statements from the date of incorporation on August 11, 2001 to June 30, 2015 year-end, report of the auditor and related management discussion and analysis as filed on [www.sedar.com](http://www.sedar.com).

Copies of documents incorporated herein by reference may be obtained by a shareholder upon request without charge from the Company at Suite 615, 800 West Pender Street, Vancouver, BC V6C 2V6, telephone no. 604 638 3946 or fax no. 604 689 3609. These documents are also available via the internet at [www.sedar.com](http://www.sedar.com).

## VOTES NECESSARY TO PASS RESOLUTIONS

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

## ELECTION OF DIRECTORS

The size of the Company’s Board is currently set at four. The Board proposes that the number of directors be set at four. At the Meeting shareholders will be asked to approve an ordinary resolution to set the number of directors to be elected to the Board at four (4).

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

### Management Director Nominees

The following table sets out the names of management’s nominees for election as director, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee’s current principal occupation, business or employment (for the five preceding years for each new nominee), the period of time during which each has been a director of the Company and the number of Common Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at December 24, 2015.

Nominee Position with the Company and Province or State and Country of Residence	Occupation, Business or Employment <sup>(1)</sup>	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled <sup>(1)</sup>
Lance Tracey CEO & Director British Columbia Canada	Self-employed business owner	Since November 30, 2015	9,530,000
Mark Sampson Director British Columbia, Canada	Mark Sampson, President C-Ray Consulting Inc. since 1999	Since November 30, 2015	Nil

<b>Nominee Position with the Company and Province or State and Country of Residence</b>	<b>Occupation, Business or Employment<sup>(1)</sup></b>	<b>Period as a Director of the Company</b>	<b>Common Shares Beneficially Owned or Controlled<sup>(1)</sup></b>
Sheri Rempel CFO and Director British Columbia, Canada	Principal of CTB Consulting Inc. since 2006.	Since November 30, 2015	Nil
Laurie Baggio British Columbia, Canada	Self-employed business owner	Since November 30, 2015	Nil

Notes:

- (1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of management of the Company and has been furnished by the respective nominees.

### **Penalties, Sanctions and Cease Trade Orders**

No proposed director is, as at the date of this information circular, or has been, within ten (10) years before the date of this information circular, a director, chief executive officer or chief financial officer of any company (including the Company, in respect of which the information circular is being prepared) that:

- a. was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- b. was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
- c. is, as at the date of this information circular, or has been within ten (10) years before the date of this information circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- d. has, within the ten (10) years before the date of this information circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

### **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

The Company is a venture issuer as defined under National Instrument 52-110 – *Audit Committees* (“NI 52-110”) and each venture issuer is required to disclose annually in its information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth below.

#### **The Audit Committee’s Charter**

The audit committee has a charter which was adopted by the Board on December 7, 2015 and a copy of which is attached as Schedule A to this Information Circular, filed on SEDAR at [www.sedar.com](http://www.sedar.com) and is specifically incorporated by reference into, and forms an integral part of, this Information Circular.

## **Composition of the Audit Committee**

The audit committee members are Mark Sampson (Chairman), Sheri Rempel and Laurie Baggio. Mark Sampson and Laurie Baggio are independent but Sheri Rempel is not independent because she is the Chief Financial Officer of the Company. All audit committee members are considered to be financially literate.

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

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

## **Relevant Education and Experience**

Mark Sampson has over 25 years of executive management experience in the telecommunications and information technology sectors with data and Internet companies such as MegaPath, AT&T Canada and Telus Advanced Communications and has served as President and CEO of both public and private companies in Canada and the United States. He is president of a successful consulting company he formed in 1999 and has worked with Venture firms and Merchant Banks alike to raise equity and debt, conduct accretive M&A transactions and realize successful exits. Mark recently served as SVP of MegaPath, a privately held telecommunications company based in Pleasanton CA where he helped rebuild the Managed Services business culminating the sale of the division for US \$152 million.

Sheri Rempel has more than 25 years of accounting and financial management experience. Ms. Rempel started her career with public companies in 2001 and currently provides senior financial advisory services to Canadian private and public corporations, acting in officer or Controller capacities. In 2006 she founded CTB Consulting to provide comprehensive financial reporting services to public companies on the TSX and TSX-V exchanges.

Laurie Baggio is a serial entrepreneur. He is a Founder and Principal with You Move Me, a local moving business with operations in over 25 cities throughout North America. From 2001 to 2011, he was a member of the Leadership Team (last role as COO) of 1-800-GOT-JUNK? as it scaled from \$4M to over \$100M in revenue in North America and Australia. He is also an owner and operator of over 6 businesses based in the United States. Laurie is an investor and advisor to numerous software and consumer service businesses. He is an avid traveller, a passionate media/technovore and lives with his family in Langley, BC.

Each member of the Company's audit committee has adequate education and experience relevant to their performance as an audit committee member and, in particular, the requisite education and experience that provides the member with:

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

## Audit Committee Oversight

The audit committee has not made any recommendations to the Board to nominate or compensate any auditor other than DeVisser Gray LLP.

## Reliance on Certain Exemptions

The Company's auditors, DeVisser Gray LLP, Chartered Accountants, have not provided any material non-audit services. At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis* Non-Audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*).

## Pre-Approval Policies and Procedures

The audit committee has adopted the pre-approval policies and procedures set out in the Audit Committee Charter for the engagement of non-audit services.

## External Auditor Service Fees

The audit committee has reviewed the nature and amount of the non-audited services provided by DeVisser Gray LLP to the Company to ensure auditor independence. Fees incurred with DeVisser Gray LLP for audit and non-audit services for audit fees from incorporation on August 19, 2011 to June 30, 2015 are outlined in the following table.

Nature of Services	Fees Paid to Auditor in Year Ended June 30, 2015	Fees Paid to Auditor in Year Ended June 30, 2014	Fees Paid to Auditor in Year Ended June 30, 2013	Fees Paid to Auditor for period of incorporation on August 19, 2011 to June 30, 2012
Audit Fees <sup>(1)</sup>	\$2,000	\$2,000	\$2,000	\$2,000
Audit-Related Fees <sup>(2)</sup>	Nil	Nil	Nil	Nil
Tax Fees <sup>(3)</sup>	Nil	Nil	Nil	Nil
All Other Fees <sup>(4)</sup>	Nil	Nil	Nil	Nil
<b>Total</b>	<b>\$2,000</b>	<b>\$2,000</b>	<b>\$2,000</b>	<b>\$2,000</b>

Notes:

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

## Exemption

The Company is a "venture issuer" as defined in NI 52-110 and relies on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).



## CORPORATE GOVERNANCE

### General

Effective June 30, 2005, National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Policy 58-201 - *Corporate Governance Guidelines* ("NP 58-201") were adopted in each of the provinces and territories of Canada. NI 58-101 requires issuers to disclose their corporate governance practices and NP 58-201 provides guidance on corporate governance practices. This section sets out the Company's approach to corporate governance and addresses the Company's compliance with NI 58-101.

Corporate governance refers to the policies and structure of the board of directors of a company, whose members are elected by and are accountable to the company's shareholders. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

### Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the Board's opinion, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Board facilitates its independent supervision over management of the Company through frequent meetings of the Board.

Management was delegated the responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company's business in the ordinary course, managing cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board facilitates its independent supervision over management by reviewing and approving long-term strategic, business and capital plans, material contracts and business transactions, and all debt and equity financing transactions. Through its audit committee, the Board examines the effectiveness of the Company's internal control processes and management information systems. The Board reviews executive compensation and recommends stock option grants.

Fifty percent of the Board members are independent. The independent members of the Board are Mark Sampson and Laurie Baggio. The non-independent directors are Lance Tracey, Chief Executive Officer and a controlling shareholder of the Company, and Sheri Rempel, the Chief Financial Officer.

### *Directorships*

The following is a list of those reporting issuers that the directors of the Company are presently directors of:

<b>Director</b>	<b>Reporting Issuer</b>
Mark Sampson	Nexaira Wireless Inc. Gem Solutions Monexa
Sheri Rempel	Serengeti Resources Inc. Lornex Capital Corp.

## **Orientation and Continuing Education**

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

## **Ethical Business Conduct**

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

## **Nomination of Directors**

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

## **Compensation**

The Board determines compensation for the directors and Chief Executive Officer.

## **Other Board Committees**

The Board has no committees other than the audit committee.

## **Assessments**

The Board monitors the adequacy of information given to directors, communication between the Board and management, and the strategic direction and processes of the Board and the audit committee on an ongoing basis.

## **APPOINTMENT OF AUDITOR**

DeVisser Gray LLP, Chartered Accountants, Vancouver, British Columbia, will be nominated at the Meeting for appointment as auditor of the Company at a remuneration to be fixed by the directors. DeVisser Gray LLP, Chartered Accountants, were first appointed auditor of the Company on August 19, 2011.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Named Executive Officer**

In this section, "Named Executive Officer ("NEO") means each of the following individuals:

- a) a Chief Executive Officer ("CEO");
- b) a Chief Financial Officer ("CFO");
- c) the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and
- d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the June 30, 2015 financial year-end.

As at June 30, 2015, Thomas Bell, the former Chief Executive Officer and Patrick Lavin, the former Chief Financial Officer, are each a “NEO” of the Company for the purposes of the following disclosure.

### **Compensation Discussion and Analysis**

The Board has not appointed a compensation committee so the responsibilities relating to executive and director compensation, including reviewing and recommending director compensation, overseeing the Company’s base compensation structure and equity-based compensation programs, recommending compensation of the Company’s officers and employees, and evaluating the performance of officers generally is performed by the Board as a whole.

The Board has not considered the implications of the risks associated with the Company’s compensation program.

#### Philosophy and Objectives

To determine executive compensation, the Company relies solely on Board discussion without any formal objectives, criteria and analysis.

#### Equity Participation

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company’s share option plan. Share options are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. The amounts and terms of options granted are determined by the Board.

### **Option-Based Awards**

The Board has approved a 10% rolling share option plan effective December 7, 2015 and is seeking shareholder approval at the upcoming Meeting. See “Particulars of Matters to be Acted Upon”. The Company established a share option plan (the “Plan”) to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. Management proposes share option grants to the Board based on such criteria as performance, previous grants, and hiring incentives. All grants require Board approval and the Board administers the share option plan. The Plan provides that options will be issued only to directors, officers, employees or consultants of the Company or a subsidiary of the Company.

The Company has not adopted a policy restricting its NEOs or directors from purchasing financial instruments that are designated to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its executive officers or directors. To the knowledge of the Company, none of the NEOs or directors has purchased such financial instruments.

## Summary Compensation Table

The compensation paid to the NEOs during period from incorporation on August 19, 2011 to June 30, 2015, is as set out below and expressed in Canadian dollars unless otherwise noted:

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans (\$)	Long-term incentive plans (\$)			
Thomas Bell <sup>1</sup> Former CEO	2015	4,500 <sup>4</sup>	Nil	Nil	Nil	Nil	Nil	18,500 <sup>5</sup>	23,000
	2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2012 <sup>3</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Patrick Lavin <sup>2</sup> Former CFO	2015	4,500 <sup>4</sup>	Nil	Nil	Nil	Nil	Nil	18,500 <sup>5</sup>	23,000
	2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2012 <sup>3</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

- Subsequent to year end, Mr. Bell resigned as the Chief Executive Officer and effective November 30, 2015 Mr. Lance Tracey was appointed as the Company's Chief Executive Officer.
- Subsequent to year end, Mr. Lavin resigned as the Chief Financial Officer and effective November 30, 2015 Mrs. Sheri Rempel was appointed as the Company's Chief Financial Officer.
- From the period from incorporation on August 19, 2015 to June 30, 2012.
- The NEOs were paid \$500 per month from October 1, 2014 to June 30, 2015.
- One-time accrual fee for the thirty seven month period from September 1, 2011 to September 30, 2014.

There were no long term incentive plans in place for any Named Executive Officer of the Company during the period from incorporation on August 19, 2011 to June 30, 2015.

## Incentive Plan Awards

### Outstanding Option-based Awards and Share-based Awards

The following table sets out all option-based awards and share-based awards outstanding during the period from incorporation on August 19, 2011 to June 30, 2015, for each NEO:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date(s)	Value of unexercised in-the-money options (\$) <sup>1</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Thomas Bell	Nil	Nil	N/A	Nil	N/A	Nil
Patrick Lavin	Nil	Nil	N/A	Nil	N/A	Nil

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

The following table sets out the value vested or earned under incentive plans during the period from incorporation on August 19, 2011 to June 30, 2015, for each NEO:

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Thomas Bell	Nil	Nil	Nil

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\\$)	Share-based awards – Value vested during the year (\\$)	Non-equity incentive plan compensation – Value earned during the year (\\$)
Patrick Lavin	Nil	Nil	Nil

Note:

- (1) This amount is the aggregate dollar value that would have been realized if the options under the option based awards had been exercised on the vesting date. It is determined by the difference between the exercise price of the option and the market price on the date of vesting.

See “*Securities Authorized under Equity Compensation Plans*” for further information on the Option Plan.

### Termination and Change of Control Benefits

There are no compensatory plans or arrangements with respect to any NEO resulting from the resignation, retirement or any other termination of the officer’s employment or from a change of a NEO’s responsibilities following a change in control.

### Director Compensation

The compensation provided to the directors, excluding a director who is included in disclosure for an NEO, during the period from incorporation on August 19, 2011 to June 30, 2015 is as follows:

Name	Fees earned (\\$)	Share-based awards (\\$)	Option-based awards (\\$)	Non-equity incentive plan compensation (\\$)	Pension value (\\$)	All other compensation (\\$)	Total (\\$)
Donald Gordon <sup>1</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil

<sup>1</sup> Mr. Gordon was a director of the Company from August 19, 2011 to June 30, 2015.

There were no option-based awards and share-based awards outstanding during the period from incorporation on August 19, 2011 to June 30, 2015, for each director, excluding a director who is already set out in disclosure for a NEO for the Company.

The following table sets out the value vested or earned under incentive plans during the period from incorporation on August 19, 2011 to June 30, 2015, for each director, excluding a director who is already set out in disclosure for a NEO for the Company:

Name	Option-based awards – Value vested during the year (\\$)	Share-based awards – Value vested during the year (\\$)	Non-equity incentive plan compensation – Value earned during the year (\\$)
Donald Gordon	Nil	Nil	Nil

There were no further arrangements under which directors were compensated by the Company during the most recently completed financial year for their services in their capacity as directors or consultants.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Board has approved a 10% rolling share option plan effective December 7, 2015 (the “Plan”) and is seeking shareholder approval at the upcoming Meeting. See “Particulars of Matters to be Acted Upon”. The Plan has been established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Plan is administered by the directors of the Company. The Plan provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company. All options expire on a date not later than ten years after the date of grant of such option. See “Particulars of Matters to be Acted Upon”. The following table sets out equity compensation plan information from the period from incorporation on August 19, 2011 to June 30, 2015:

### ***Equity Compensation Plan Information***

	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
<b>Plan Category</b>	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Equity compensation plans approved by securityholders	Nil	Nil	Nil
Equity compensation plans not approved by securityholders	Nil	Nil	2,384,961
Total	Nil	Nil	2,384,961

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

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company during the period from incorporation on August 19, 2011 to June 30, 2015, or as at the date hereof.

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

Subsequent to June 30, 2015, the Company entered into a Credit Agreement providing for a loan in the sum of \$375,000 to Mobio Technologies Inc. (“Mobio”) by way of a secured convertible debenture (the “Note”). The Note will bear interest at a rate of 12% per annum, accrued and calculated monthly, and will mature on June 1, 2016. At the option of the Company, the Note (including interest accrued thereon) is convertible into common shares of Mobio at a price equal to the volume weighted average closing price of Mobio’s shares for the five consecutive trading day period immediately preceding the conversion date, subject to such minimum conversion price as may be prescribed by the policies of the TSX Venture Exchange. As further consideration to the Company for the loan, Mobio also issued to the Company share purchase warrants to purchase up to 1,250,000 common shares of Mobio on a post-consolidation basis (the “Warrants”). The Warrants will have a life of one year from the closing date, and the exercise price of the Warrants shall be set at a price per share equal to greater of (i) the volume weighted average closing price of Mobio’s shares for the three trading-day period immediately prior to the closing date, or (ii) the closing price of Mobio’s shares on the date prior to the closing date. Code Consulting Ltd., a company wholly-owned and controlled by Lance Tracey, the Company’s Chief Executive Officer and controlling shareholder, owns approximately 3.5% of the outstanding shares of Mobio. The Loan is secured by a general security agreement over the present and after acquired property of Mobio, as well as a pledge of the shares of two of its subsidiaries: Twenty Year Media Corp., and 0991176 B.C. Ltd. Upon conversion of the Note and exercise of the Warrants, NU2U, would have ownership and control over an aggregate of 3,750,000 common shares of Mobio representing 24.43% of the issued and outstanding common shares of Mobio.

In connection with the Loan the sum of \$400,000 was advanced to the Company by Code Consulting Ltd. These monies, which are to be used to fund the Loan and for general working capital, are repayable on demand and bear interest at 10% per annum, compounded annually.

To the knowledge of management of the Company, other than the above, no informed person (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries during the period from incorporation on August 19, 2011 to June 30, 2015, or has any interest in any material transaction in the current year other than as set out herein or in a document already disclosed to the public and filed on www.sedar.com. See heading “*Management Contracts*”.

## MANAGEMENT CONTRACTS

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

### PARTICULARS OF MATTERS TO BE ACTED UPON

#### Consolidation of Common Shares

The Board wishes to be in a position during the ensuing year, if it considers it to be in the best interests of the Company, to effect a consolidation of the Company's issued share capital on the basis of up to twenty (20) pre-consolidated Common Shares for one (1) post-consolidated Common Share without par value.

As at Thursday, December 24, 2015 there were 23,849,615 Common Shares in the capital of the Company issued and outstanding. Accordingly, if put into effect on the basis of the maximum authorized ratio of twenty (20) pre-consolidated Common Shares for one (1) post-consolidated Common Share, a total of approximately 1,192,481 Common Shares in the capital of the Company would be issued and outstanding following such consolidation, assuming there is no other change in the issued capital and subject to any rounding in respect of fractional shares as discussed below. There is currently an unlimited number of authorized Common Shares and on effecting the consolidation there will continue to be an unlimited number of authorized Common Shares.

As set out in Section 83 of the BCBCA, if any fractional Common Shares result from the consolidation, each fractional Common Share remaining after conversion that is less than one-half of a Common Share must be cancelled and each fractional Common Share that is at least one-half of a Common Share must be changed to one whole Common Share.

Shareholders of the Company will be asked to approve a resolution authorizing the consolidation, subject to the further approval of the directors of the Company, of its current issued and outstanding Common Shares without par value on a basis of up to twenty (20) pre-consolidated Common Shares for one (1) post-consolidated Common Share in its authorized share structure, the text of which is as follows (the "Consolidation Resolution"):

"Resolved by an ordinary resolution that:

- (a) the issued share capital of the Company be altered at a date to be determined by the board of directors of the Company by consolidating all of the issued and outstanding Common Shares without par value on the basis of up to twenty (20) pre-consolidated Common Shares for one (1) post-consolidated Common Share;
- (b) any fractional Common Shares resulting from the consolidation of the Common Shares shall be dealt with in accordance with the provisions of Section 83 of the BCBCA;
- (c) the board of directors of the Company is hereby authorized, at any time in its absolute discretion, to determine whether or not to proceed with the above resolutions without further approval, ratification or confirmation by the shareholders and to determine the actual ratio of any such consolidation without further approval, ratification or confirmation by the shareholders; and
- (d) upon the date determined by the directors, this resolution described herein shall be deposited at the Company's records office."

To be effective, the Consolidation Resolution must be passed by a simple majority of the votes cast on the motion to approve the resolution. The resolution will not be effective unless and until deposited at the Company's records office by direction of the Board.

The Board is in favour of the aforesaid resolution empowering it to effect a consolidation if deemed warranted, as it will provide the Company with increased flexibility to seek additional financing

opportunities and strategic acquisitions. A share consolidation does not change a shareholder's proportionate interest in the Company.

**The Board recommends you vote in favour of the above resolution which will be effected under the existing Articles.**

### **Amendment to the Preferred Shares**

The Company currently has an authorized class of an unlimited number of Preferred Shares that provide for a fix set of rights and restrictions and a par value of \$100.00 per Preferred Share. No Preferred Shares are issued. The Board of Directors proposes to amend the special rights and restrictions for the Preferred Shares to provide for future flexibility for the issuance of Preferred Shares related to acquisitions or strategic transactions without the expense and delay of holding a special meeting of the shareholders to authorize Preferred Shares with a specific set of rights and restrictions when the need arises. No such events or transactions are currently contemplated by the Company.

### **Recommendation of the Board of Directors**

The Board of Directors considers the amendment of the special rights and restrictions for the Preferred Shares to be in the best interests of the Company and unanimously recommends that shareholders vote in favour of the ordinary resolution set out below.

The Company has been advised that the directors and senior officers of the Company intend to vote all securities held by them in favour of the ordinary resolution.

Resolved as an ordinary resolution that:

1. The Articles of the Company be amended by deleting Article 28 thereto in its entirety and replacing it with new Article 28 Rights and Restrictions Attaching to Preferred Shares as follows:

28.1 The Preferred Shares (the “preferred shares”) which, as a class, shall have attached thereto the following rights, privileges, restrictions and conditions:

- (a) Preferred shares may at any time and from time to time be issued in one or more series. Subject to the *Business Corporations Act*, the directors may from time to time, by resolution, fix the number of preferred shares in, and determine the designation of the preferred shares of, that series and create, define and attach special rights, privileges, restrictions and conditions to the preferred shares of that series, including, but without limiting the generality of the foregoing, the voting rights, if any, attached to the preferred shares of any series, the rate or amount of dividends, whether cumulative, non-cumulative or partially cumulative, the dates, places and currencies of payment thereof, the consideration for, and the terms and conditions of, any purchase for cancellation or redemption thereof, including redemption after a fixed term or at a premium, conversion or exchange rights, the terms and conditions of any share purchase plan or sinking fund; PROVIDED HOWEVER THAT no special right, privilege, restriction or condition so created, defined or attached shall contravene the provisions of sub-clause 28.1(b) hereof;
- (b) The preferred shares of each series shall, with respect to the payment of dividends and the distribution of assets or return of capital, in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other return of capital or distribution of the assets of the Corporation among its shareholder for the purpose of winding up its affairs, rank on a parity with the preferred shares of every other series and be entitled to preference over the common shares and over any other shares of the Corporation ranking junior to the preferred shares. The preferred shares of any series



may also be given such other preferences, not inconsistent with these Articles, over the common shares, and any other shares of the Corporation ranking junior to such preferred shares as may be fixed in accordance with clause 28.1(a).

2. Such alterations to the Articles shall not take effect until the Notice of Articles of the Company is altered to reflect such alterations to the Articles and that any one director or officer of the Company be and is hereby authorized to attend to such amendments to the Notice of Articles and to make such filings with the regulatory authorities as may be necessary and advisable.

### Approval of Stock Option Plan

The Board has approved a 10% “rolling” share option plan effective December 7, 2015 (the “Plan”) and is seeking shareholder approval at the upcoming Meeting. The purpose of the Plan is to provide the Company with a share related mechanism to enable the Company to attract, retain and motivate qualified directors, officers, employees and other service providers, to reward directors, officers, employees and other service providers for their contribution toward the long term goals of the Company and to enable and encourage such individuals to acquire shares of the Company as long term investments.

At December 24, 2015 there were no stock options outstanding.

The following information is intended to be a brief description of the Plan and is qualified in its entirety by the full text of the Plan:

- the Plan provides that up to 10% of the issued and outstanding common shares from time to time may be reserved for issue, less any common shares reserved for issuance under any other share compensation arrangement. The options are non-assignable and may be granted for a term not exceeding ten years.
- the exercise price shall not be lower than the greater of the closing market price of the common shares on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options.
- the terms of an option may not be amended once issued. If an option is cancelled prior to its expiry date, the Company shall not grant new options to the same person until 30 days have elapsed from the date of cancellation.
- the maximum number of options which may be granted to any one option holder under the Plan within any 12 month period shall be 5% of the outstanding issue on the date of grant (unless the Company has obtained disinterested shareholder approval, if required by Regulatory Rules);
- if required by Regulatory Rules, disinterested shareholder approval is required to the grant to Insiders, within a 12 month period, of a number of options which, when added to the number of outstanding incentive stock options granted to Insiders within the previous 12 months, exceed 10% of the issued shares;
- the maximum number of options which may be granted to any one consultant within any 12 month period must not exceed 2% of the outstanding Issue; and
- the maximum number of options which may be granted within any 12 month period to employees or consultants engaged in investor relations activities must not exceed 2% of the outstanding Issue and such options must vest in stages over 12 months with no more than 25% of the options vesting in any three month period.

**A copy of the Plan will be available for inspection at the Meeting.** A shareholder may also obtain a copy of the Plan by contacting the Company at Suite 615, 800 West Pender Street, Vancouver, BC V6C 2V6 Fax No. 604 689 3609.

## **ADDITIONAL INFORMATION**

Financial information is provided in the Company's audited financial statements for the period from incorporation on August 19, 2011 to June 30, 2015, the report of the auditor and the related management discussion and analysis (the "Financial Statements"). The Financial Statements will be placed before the Meeting.

Additional information relating to the Company and a copy of the Financial Statements may be obtained from SEDAR at [www.Sedar.com](http://www.Sedar.com) or upon request from the Company at Suite 615, 800 West Pender Street, Vancouver, BC V6C 2V6, Telephone No.: 604 638 3946 or Fax No.: 604 689 3609. The Company may require payment of a reasonable charge from any person or company who is not a securityholder of the Company, who requests a copy of any such document.

## **OTHER MATTERS**

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

The contents of this information circular and its distribution to shareholders have been approved by the Board of the Company.

**DATED** at Vancouver, British Columbia this 28th day of December, 2015.

**BY ORDER OF THE BOARD**

*"Lance Tracey"*

**Lance Tracey**  
**Chief Executive Officer**

SCHEDULE "A"  
AUDIT COMMITTEE CHARTER

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**NU2U RESOURCES CORP.**  
**Audit Committee of the Board of Directors**

**Charter**

**MANDATE**

The purpose of the Audit Committee is to assist the Board of Directors' oversight of (a) the integrity of the Company's financial statements, (b) the Company's compliance with legal and regulatory requirements, (c) the independent auditor's qualifications and independence and (d) the performance of the Company's audit. The Audit Committee will also supervise the preparation of all reports, including reports to shareholders, required under applicable law.

In performing its duties, the Audit Committee will maintain effective working relationships with the Board of directors, management, and the external auditors. To effectively perform his or her role, each Audit Committee member will obtain an understanding of the detailed responsibilities of Audit Committee membership as well as the Company's business, operations and risks.

**MEMBERSHIP**

The Audit Committee will consist of at least three directors appointed by the Board. The membership of the Audit Committee will be guided by the applicable law and corporate governance recommendations of National Instrument 52 – 110 and any successors (NI).

**Independence**

No director who is an employee of the Company or any of its subsidiaries, affiliates or auditors may serve on the Audit Committee until three years after the termination of his or her employment. All members of the Audit Committee must satisfy the definition of independence contained in the NI.

**Expertise of Audit Committee Members**

Each member of the Audit Committee must be, or will become within a reasonable period of time after appointment, financially literate. At least one member of the Audit Committee will have accounting or related financial management expertise. The Board of Directors will interpret the qualifications of financial literacy and financial management expertise in its business judgement within the guidance provided by the NI and will determine whether a director meets these qualifications.

## **MEETINGS**

The Audit Committee will meet in accordance with a schedule established each year by the Board, and at other times as determined by the Audit Committee. The Audit Committee will meet at least quarterly with the Company's management and with internal auditors (or those personnel responsible for the internal audit) and, at least annually, with the external auditor in separate executive sessions. A quorum of the Audit Committee is the attendance in person or by teleconference of at least two thirds of the members of the Audit Committee; where two thirds does not result in a whole number, the resulting number shall be rounded up to the next whole number.

## **ROLES AND RESPONSIBILITIES**

### **Internal Control**

- Oversee, in consultation with the external auditors, the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Company;
- Ensure that the external auditors keep the Audit Committee informed about fraud, illegal acts, deficiencies in internal control and certain other matters;
- Review and approve any related party transactions;
- Review, as and when appropriate, whether management is setting the appropriate tone through its communication to company employees on the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- Consider the extent to which internal (if any) and external auditors should review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of a systems breakdown; and
- Gain an understanding of the extent which internal control recommendations made by external auditors have been implemented by management.

### **Financial Reporting**

#### ***General***

- Review significant accounting and reporting issues, with particular note regarding the process for identifying the principal risks to accuracy of financial reporting and any changes of a material nature to the characterization of entries and accounts;

- Ensure that the Audit Committee reviews and, where appropriate, recommends approval to the Board of all press releases relating to financial information such as financial statements and the Management Discussion and Analysis, projections or material otherwise involving information derived from the financial reports or the analytic reporting thereof, as well as financial information and guidance provided to analysts and rating agencies;
- Review with the external auditors their proposed audit adjustments and any audit problems or difficulties and management's response thereto;
- Review significant accounting and reporting issues, including recent professional and regulatory pronouncements and critical accounting policies, and understand their impact on the financial statements;
- Ask management and the external auditors about significant risks and exposures and the plans to minimize such risks, and
- Ensure that disclosure in the Management Discussion & Analysis is balanced and fully responsive.

#### ***Annual and Interim Financial Statements***

- Review the financial statements and determine whether they are complete and consistent with the information known to the Audit Committee members, and assess whether the financial statements reflect appropriate accounting principles;
- Meet with management and the external auditors to review the annual financial statements and the results of the audit;
- Meet with management and, if necessary, the external auditors to review the interim financial statements;
- Review the annual and interim financial statements as the case may be and make recommendations thereon to the Board;
- Pay particular attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;
- Focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses, warranty, professional liability, litigation reserves, and other commitments and contingencies;
- Periodically obtain explanations from management on whether:
  - Actual financial results for a period varied significantly from budgeted or projected results;

- Changes in financial ratios and relationships in the financial statements are consistent with changes in the Company's operations and financing practices;
- Generally accepted accounting principles have been consistently applied;
- There are any actual or proposed changes in accounting or financial reporting practices;
- There are any significant or unusual events or transactions;
- The Company's financial and operating controls are operating effectively;
- The Company has complied with the terms of loan agreements or security indentures;
- Understand how management develops and summarizes quarterly financial information and the extent to which the external auditors review quarterly financial information; and
- Ensure appropriate review of accounting practices that relate to transfer pricing.

#### **External Auditors**

- Review the external auditor's proposed audit scope and approach;
- Oversee the work of the external auditors;
- Review with the external auditor the quality, not just the acceptability, of the Company's accounting principles as applied to critical accounting policies and practices, alternative treatments of financial information that have been discussed with management and any other material communications with management;
- Review and confirm the independence of the external auditors, including a review of the cost and nature of all non-audit services provided, all relationships between the Company and themselves and the auditors' assertion of their independence in accordance with professional standards;
- Establish hiring policies for partners and employees or former partners and employees of the present and any former external auditors;
- Retain and terminate the external auditor (subject to any applicable Board or shareholder approvals) and recommend to the Board the compensation for the external auditors;
- Pre-approve all non-audit services provided by the external auditor in excess of 5% of the annual billings by the auditor to the Company. Pre-approval requirements may be met where the Committee establishes detail policies as to each service to be pre-

approved and the Committee is informed of such services at its next meeting. The Audit Committee may delegate this authority to one of the committee members, but not to management, provided the non-audit services in question are presented to the Committee at its next meeting;

- Have the external auditor provide the Audit Committee with a summary of any investigation by governmental or professional authorities within the preceding five years, respecting any audits of the Company carried out by the external auditor, and any steps taken to deal with any issues raised by the inquiry or investigation; and
- If conducted, have the external auditor advise the Audit Committee on the results of any quality-control review or peer review of the audit of the Company.

### **Other Responsibilities**

- Ensure that significant findings and recommendations made by management or the external auditors are received and discussed on a timely basis;
- If necessary, review the policies and procedures in effect for considering officers' expenses and perquisites;
- Perform other oversight functions as requested by the full Board, such as appropriateness of staff and systems in the financial department;
- Establish procedures for the receipt, retention and treatment of complaints and the confidential anonymous submission by employees of concerns about accounting, internal accounting controls or audit matters;
- Meet periodically with management to review the Company's major financial risk exposures and to review relevant insurance coverage; and
- Review and update this Charter, subject to the approval of the Board.

### **Reporting Responsibilities**

- Regularly update the Board of Directors about Audit Committee activities and make appropriate recommendations;
- Maintain minutes of all meetings.

### **Compliance with Laws and Regulations**

- Periodically obtain updates from management regarding material compliance with applicable laws and regulations;
- Review, with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statement;



- Be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- Review the findings of any examinations by regulatory agencies such as the British Columbia Securities Commission.

## **RESOURCES AND AUTHORITY OF THE AUDIT COMMITTEE**

The Audit Committee has the authority, and will be provided with all resources that it reasonably requires, to discharge its responsibilities. The Audit Committee may, as appropriate, engage at the expense of the Company outside auditors, independent legal counsel, and other experts or consultants for compensation that the Audit Committee deems appropriate. The Audit Committee may communicate directly with the internal or external auditors.