

INTERNATIONAL WASTEWATER SYSTEMS INC.

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INFORMATION CIRCULAR

as at May 15, 2017 *(except as otherwise indicated)*

This Information Circular is furnished in connection with the solicitation of proxies by the management of International Wastewater Systems Inc. (the “Company”) for use at the annual general meeting (the “Meeting”) of its shareholders to be held on Friday, June 23, 2017 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 International Wastewater Systems Inc. “Common Shares” means common shares without par value 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

Each of the individuals named in the accompanying form of proxy (the “Proxy”) is a director and/or officer 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 may choose one of the following options to submit their proxy:

- (a) completing, dating and signing the enclosed form of proxy and returning it to the Company’s transfer agent, Computershare Investor Services Inc. (“Computershare”), by fax within North America at 1-866-

249-7775, outside North America at (416) 263-9524, or by mail to the 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by hand delivery at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, Canada V6C 3B9;

- (b) use a touch-tone phone to transmit voting choices to a toll free number. 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) use the internet through the website of the Company's transfer agent at www.investorvote.com. Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed proxy form for the holder's account number and the proxy access number.

In all cases the Registered Shareholder must ensure the proxy is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment thereof at which the proxy is to be used.

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 that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of Common Shares) 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 names of the shareholder's broker or an agent of that broker (an "intermediary"). In 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), and in Canada, 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).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. 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" that permit it to directly deliver proxy-related materials to its NOBOs. As a result NOBOs can expect to receive a scannable Voting Instruction Form ("VIF") from our transfer agent, Computershare. These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and internet voting as described on the VIF itself which contain complete instructions. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

These securityholder materials are being 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 has sent these materials directly to you, your name and address and information about your holdings of securities, have been 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 your Common Shares on your

behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”) in the United States and in Canada. 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 your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than any of the persons designated in the VIF, to represent your Common Shares at the Meeting and that person may be you. To exercise this right, you should insert the name of the desired representative (which may be yourself) in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge’s instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting and the appointment of any shareholder’s representative. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted at the Meeting or to have an alternate representative duly appointed to attend the Meeting and to vote your Common Shares at the Meeting.**

Notice to Shareholders in the United States

The solicitation of proxies involve 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

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 attorney duly authorized, and by delivering the proxy bearing a later date to Computershare or at the address of the registered office of the Company at 1500 Royal Centre, 1055 West Georgia Street, P. O. Box 11117, Vancouver, British Columbia, V6E 4N7, 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 and as may be set out herein.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors (the “Board”) of the Company has fixed May 15, 2017 as the record date (the “Record Date”) for determination of 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 listed on the Canadian Securities Exchange under stock symbol “IWS”.

The Company is authorized to issue an unlimited number of Common Shares.

As of May 15, 2017, there were 98,444,894 Common Shares 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.

The Company is also authorized to issue an unlimited number of Preferred shares. There were no Preferred shares issued and outstanding as at May 15, 2017.

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 May 15, 2017 is as follows:

Shareholder Name	Number of Common Shares Held	Percentage of Issued Common Shares
Paul Bernard Lee	27,500,000	27.93%

Note:

- (1) The above information was supplied to the Company by the shareholder and from the insider reports available at www.sedi.ca. These common shares are held in escrow.

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

There are currently three directors of the Company. Shareholders are being asked at the Meeting to fix the number of directors at four.

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 *Business Corporations Act* (British Columbia), each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

The following disclosure sets out the names of management's nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment (for the five preceding years for new director nominees), the period of time during which each has been a director of the Company and the number of Common Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at May 15, 2017:

Name of Nominee; Current Position with the Company and Province or State and Country of Residence	Position with and Name and Principal Business of each Company/Employer	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled ⁽¹⁾
Lynn Mueller ⁽⁴⁾ Chairman, Chief Executive Officer and Director British Columbia, Canada	Co-founder and CEO of International Wastewater Heat Exchange Systems Inc. – also refer to <i>Director Biographies</i> below	Chairman, CEO and Director since October 27, 2015	6,700,000 ⁽²⁾
Mark McCooey ⁽⁴⁾ Director British Columbia, Canada	Chief Executive Officer and Chief Financial Officer of SEI Industries – also refer to <i>Director and Biographies</i> below	Director since October 27, 2015	Nil
Daryle Anderson ⁽⁴⁾ Director British Columbia, Canada	President of CIR Mechanical Ltd.- also refer to <i>Director Biographies</i> below	Director since June 23, 2016	7,500,000 ⁽³⁾

Name of Nominee; Current Position with the Company and Province or State and Country of Residence	Position with and Name and Principal Business of each Company/Employer	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled ⁽¹⁾
Sashko Despotovski Nominee Oslo, Norway	Refer to <i>Nominee Director Biography</i> below.	Nominee Director	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 the management of the Company and has been furnished by the respective nominees. Each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years.
2. These Common Shares are held by Economizer Technologies Inc., a private company owned and controlled by Mr. Mueller. 3,375,000 of such Common Shares are currently held in escrow under Escrow Agreement dated October 27, 2015.
3. 3,375,000 of these Common Shares are currently held in escrow under Escrow Agreement dated October 27, 2015.
4. Current member of the Audit Committee.

None of the proposed nominees for election as a director of the Company are proposed for election pursuant to any arrangement or understanding between the nominee and any other person, except the directors and senior officers of the Company acting solely in such capacity.

A shareholder can vote for all of the above nominees, vote for some of the above nominees and withhold for other of the above nominees, or withhold for all of the above nominees. **Unless otherwise instructed, the named proxyholders will vote FOR the election of each of the proposed nominees set forth above as directors of the Company. At the Meeting the above persons will be nominated for election as director as well as any person nominated pursuant to the Advance Notice Provision (see below). Only persons nominated by management pursuant to this Information Circular or pursuant to the Advance Notice Provision will be considered valid director nominees eligible for election at the Meeting.**

Director Biographies

Lynn Mueller – Mr. Mueller was appointed a director and the Chairman and Chief Executive Officer of the Company on October 27, 2015. Mr. Mueller is the co-founder and Chief Executive Officer of International Wastewater Heat Exchange Systems Inc. Mr. Mueller has over 25 years of experience in geothermal heat pump sales. He has served as president of WaterFurnace Canada and WaterFurnace International and founded Pacific Geo-Exchange Inc. and Earth Source Energy Inc. Over his career, Mr. Mueller pioneered many innovative approaches to geothermal installation.

Mark McCooey – Mr. McCooey, CGA, was appointed a director of the Company on October 27, 2015. Mr. McCooey has been the Chief Executive Officer and Chief Financial Officer of SEI Industries for over 25 years. SEI is a world leader in the design, engineering and manufacturing of products from innovative industrial fabrics. Mr. McCooey has an extensive background in the renewable energy sector and has acted as a senior executive and board member for a number of private and public companies in the areas of sustainable development.

Daryle Anderson - Daryle Anderson is a co-founder of International Wastewater Heat Exchange Systems Inc. and brings a wealth of expertise to IWS. Mr. Anderson has over 35 years' experience in mechanical contracting and new residential/commercial construction. He has received his certificate of qualification in plumbing, heating, gas and sprinkler systems and is the President and Owner of CIR Mechanical Ltd. located in Burnaby BC, for the past 30 years. Mr. Anderson has vast knowledge of plumbing, heating and district energy systems and related installation solutions.

Nominee Director Biography

Sashko Despotovski – Sashko Despotovski is a Canadian national living in Norway. Mr. Despotovski has held posts within several investment houses, funds and hedge funds in investment banking capacity, as well as in upper management and as a director for a number of companies in USA and Canada. Mr. Despotovski is an active investor and board member to a number of Norwegian technology firms.

Penalties and Sanctions

Other than as set out below and in this Information Circular, within the 10 years before the date of this Information Circular, no proposed director is or has been a director or executive officer of any company (including the Company), that while that person was acting in that capacity:

- (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,
- (iii) or within a year of the proposed director 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
- (iv) has within 10 years before the date of the Information Circular become 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 the assets of the proposed directors.

Lynn Mueller voluntarily filed for personal bankruptcy in May 2009. Mr. Mueller complied with the conditions imposed by the trustee in bankruptcy and was discharged in April 2010.

Advance Notice Provision

At the Company's annual general and special meeting held on November 25, 2013, the Company's shareholders approved the alteration of the Company's articles for the purpose of adopting advance notice provisions (the "**Advance Notice Provision**"). The Advance Notice Provision provides for advance notice to the Company in circumstances where nominations of persons for election to the Board of directors of the Company are made by shareholders of the Company other than pursuant to (i) a requisition of a meeting made pursuant to the provisions of the *Business Corporations Act* (British Columbia) or (ii) a shareholder proposal made pursuant to the provisions of the *Business Corporations Act* (British Columbia).

The purpose of the Advance Notice Provision is to foster a variety of interests of the shareholders and the Company by ensuring that all shareholders - including those participating in a meeting by proxy rather than in person - receive adequate notice of the nominations to be considered at a meeting and can thereby exercise their voting rights in an informed manner. Among other things, the Advance Notice Provision fixes a deadline by which holders of Common Shares must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets forth the minimum information that a shareholder must include in the notice to the Company for the notice to be in proper written form.

The Advance Notice Provision also requires all proposed director nominees to deliver a written representation and agreement that such candidate for nomination, if elected as a director of the Company, will comply with all applicable corporate governance, conflict of interest, confidentiality, share ownership, majority voting and insider trading policies and other policies and guidelines of the Company applicable to directors and in effect during such person's term in office as a director.

The foregoing is merely a summary of the Advance Notice Provision, is not comprehensive and is qualified by the full text of such provision in the Company's Altered Articles, which is available under the Company's profile on SEDAR at www.sedar.com.

The Company did not receive notice of a nomination in compliance with the Advance Notice Provision, and as such, any nominations other than nominations by or at the direction of the Board or an authorized officer of the Company will be disregarded at the Meeting.

Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the election of the Nominees.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT EACH SHAREHOLDER VOTE "FOR" THE ELECTION OF THE ABOVE NOMINEES AS DIRECTORS.

APPOINTMENT OF AUDITOR

Davidson & Company LLP, Chartered Professional Accountants, Suite 1200 – 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, British Columbia, Canada V7Y 1G6, will be nominated at the Meeting for appointment as auditor of the Company. **The Board recommends that you vote in favour of appointment of Davidson & Company LLP. Unless otherwise instructed, at the Meeting the proxyholders named in the Company's form of Proxy or Voting Instruction Form will vote FOR the appointment of Davidson & Company LLP.**

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 – *Audit Committees* (“NI 52-110”) requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor. Such disclosure is set forth below.

The Audit Committee's Charter

The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information, which will be provided to the shareholders and the public, the systems of corporate controls, which management and the Board have established, and overseeing the audit process. It has general responsibility to oversee internal controls, accounting and auditing activities and legal compliance of the Company. The Audit Committee also is mandated to review and approve all material related party transactions.

A copy of the Audit Committee Charter was filed on SEDAR as Schedule “A” to the Company's preliminary long form prospectus dated February 28, 2012, which was filed on SEDAR on March 1, 2012, and is incorporated by reference into this Information Circular. A copy of the Audit Committee Charter may be obtained by a Shareholder upon request without charge from the Corporate Secretary of the Company at the address and telephone number above.

Composition of the Audit Committee

The current members of the Company's audit committee are: Lynn Mueller, Mark McCooey and Daryle Anderson (Chairman).

Mark McCooey and Daryle Anderson are independent members of the Company's audit committee. Lynn Mueller is not independent as he is the Chairman and Chief Executive Officer of the Company.

All members of the Audit Committee are considered to be financially literate.

Relevant Education and Experience

Each member of the audit committee has adequate education and experience that is relevant to their performance as an audit committee member and, in particular, the requisite education and experience that have provided the member with:

- an understanding of the accounting principles used by the issuer to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- 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 issuer's financial statements, or experience actively supervising individuals engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting.

Please refer to Director Biographies above for information on the education and experience of Lynn Mueller, Mark McCooey and Daryle Anderson.

Audit Committee Oversight

The Audit Committee has not made any recommendations to the Board to nominate or compensate any auditor other than Davidson & Company LLP.

Reliance on Certain Exemptions

The Company's auditor, Davidson & Company LLP, has not provided any material non-audit services.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as set out in the audit committee charter.

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by Davidson & Company LLP to the Company to ensure auditor independence. Fees incurred with Davidson & Company LLP for audit and non-audit services in the Company's financial years ended December 31, 2016 and December 31, 2015 are as follows:

Nature of Services	Fees Paid to Auditor in Year Ended December 31, 2016	Fees Paid to Auditor in Year Ended December 31, 2015
Audit Fees ⁽¹⁾	\$61,200	\$10,200
Audit-Related Fees ⁽²⁾	\$Nil	\$10,000
Tax Fees ⁽³⁾	Nil	\$3,000
All Other Fees ⁽⁴⁾	Nil	Nil
Total	\$61,200	\$23,200

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews 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" under NI 52-110 and pursuant to NI 52-110, section 6.1, the Company is exempt from the requirements of Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of NI 52-110.

CORPORATE GOVERNANCE

Corporate Governance

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders of the Company. Corporate governance also takes into account the role of the individual members of management appointed by the Board who are charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and 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 view of a company's board of directors, 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 meetings of the Board and by ensuring that at least one director is independent of management. The Board is currently comprised of three members, one of whom is independent and three who are non-independent. The independent members of the Board are Mark McCooey and Daryl Anderson. The non-independent director is Lynn Mueller (Chairman and CEO of the Company).

Directorships

The current directors of the Company do not currently hold directorships in other reporting issuers.

Orientation and Continuing Education

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

Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business.

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 are 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 to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

Compensation

The Board as a whole has the responsibility of determining the compensation for the directors and CEO.

To determine compensation payable, the Board reviews compensation paid to directors and chief executive officers of other companies of similar size and stage of development in similar industries and then determine appropriate compensation reflecting the responsibilities and time and effort expended by each director and the CEO while taking into account the financial and other resources of the Company. In settling on the compensation, the Board annually reviews the performance of the CEO in light of the Company's objectives and considers other factors that may have influenced achievement of the Company's objectives.

Other Board Committees

The Board has no committees other than the audit committee.

Advisory Board

The Company established an Advisory Board comprising industry specialists to assist the Company and to formally leverage the Company's network of renewable energy experts and industry leaders already supporting the adoption of the Company's technology around the world. The Advisory Board provides assistance to the Company with regards to the following general areas:

- (a) reviewing and commenting upon business and competitive issues, proposals, plans, industry trends, corporate initiatives, strategy, new business development, potential acquisitions as may be requested by the Company's Chief Executive Officer and/or other members of the Company's senior management team from time to time;
- (b) attend meetings as requested from time-to-time by the Company's Chief Executive Officer and the director appointed to act as Chairman of meetings of the Advisory Board (the "**Advisory Board Chair**") and/or other members of the Company's senior management team from time to time and to render advice on issues discussed at such meetings; and
- (c) devote appropriate time and attention to the business and affairs of the Company as a member of the Advisory Board.

The members of the Company's Advisory Board are: Bruno Thiemann, David Hatherton, Dr. Hadi Dowlatabadi, Mr. Par Dalin, Steve Moddemeyer, Qu Yuxiu and Alfred Ng.

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 audit committee. No formal policy has been established to monitor the effectiveness of each director, the Board and the audit committee.

STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUERS

Named Executive Officer

In this section “Named Executive Officer” (“NEO”) means the Chief Executive Officer (“CEO”), the Chief Financial Officer (“CFO”) and the most highly compensated executive officers, other than the CEO and CFO, who was serving as executive officer at the end of the most recently completed financial year and whose total compensation was more than \$150,000, as well as any additional individual for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Company at the end of the most recently completed financial year.

Director and Named Executive Officer Compensation

Lynn Mueller, Chairman, Chief Executive Officer and a director of the Company, Yaron Conforti, former CFO, former Corporate Secretary and former director of the Company, are each an NEO of the Company for the purposes of the following disclosure. Current directors, Mark McCooey and Daryle Anderson, and former directors, Paul Bernard Lee and John Williams, were directors of the Company for the financial year ended December 31, 2016 for the purposes of the following disclosure.

Oversight and Description of Director and NEO Compensation

The Board as a whole assumes responsibility for reviewing and monitoring compensation for the Company’s senior management and directors, and as part of that mandate determines the compensation of the Company’s CEO and CFO. The following is a summary of the Company’s executive compensation objectives, processes and compensation decisions relating to its NEOs and directors listed in the compensation tables that follow.

The Company has limited financial resources to ensure that funds are available to complete its business objectives. As a result, the Board must consider not only the financial situation of the Company at the time of the determination of executive compensation, but also the estimated financial situation of the Company both in the mid-term and the long-term. Because stock options do not require cash disbursement by the Company they are an important element of executive compensation. Additional information about the Company and its operations is available in the Company’s consolidated financial statements and related management’s discussion & analysis for the year ended December 31, 2016, which have been filed with regulators and are available for review under the Company’s profile under the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

The Board has assessed the Company’s compensation plans and programs for its executive officers to ensure alignment with the Company’s business plan and to evaluate the potential risks associated with those plans and programs. The Board has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Company. The Board considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

The Company has not adopted a policy restricting its executive officers 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 executive officers or directors has purchased such financial instruments.

Philosophy and Objectives

Compensation for senior management of the Company is designed to ensure that the level and form of compensation achieves certain objectives, which are:

- to attract and retain qualified and effective executives;
- to motivate the short and long-term performance of these executives; and
- to align their interests with those of the Company’s shareholders.

In compensating its senior management, the Company has employed a combination of base salary and equity participation through its stock option plan.

Base Salary

In the Board’s view, paying base salaries which are competitive in the markets in which the Company operates is a first step to attracting and retaining talented, qualified and effective executives. Competitive salary information on companies earning comparable revenues in a similar industry has been reviewed and compared over a variety of sources.

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 stock option plan. Stock options are granted to senior 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. Options, which vest immediately, are generally granted to senior executives and Board members.

The options granted during the year ended December 31, 2016 are included in the table below under the heading "Option Based Awards".

Compensation of Board Members and Named Executive Officers

Compensation for each of the Board members and each of the NEOs is approved by the Board as a whole. Base cash compensation and variable cash compensation levels are based, in part, on market survey data provided to the Board by independent consultants.

Benefits and Perquisites

In general, the Company will provide a specific benefit or perquisite only when it provides competitive value and promotes retention of executives, or when the perquisite provides shareholder value, such as ensuring the health of executives. Limited perquisites the Company provides its executives may include a parking allowance or a fee for each Board or Audit Committee meeting attended, to assist with their out-of-pocket expenses. Such benefits and perquisites are set out, respectively, in the Summary Compensation Table below.

Option-Based Awards

The Company has a 10% rolling stock option plan in place, which was established 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 stock option grants to the Board based on such criteria as performance, previous grants, and hiring incentives. All grants require approval of the Board. The 10% rolling stock option plan is administered by the Board and provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company.

Director and NEO Compensation Excluding Compensation Securities

The compensation paid to the Directors and NEOs during the Company's financial years ended December 31, 2016 and December 31, 2015, is as set out below and expressed in Canadian dollars unless otherwise noted:

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total Compensation (\$)
Lynn Mueller Chairman, CEO and director ⁽¹⁾	2016	156,296	Nil	Nil	Nil	Nil	156,296
	2015	156,296	Nil	Nil	Nil	Nil	156,296
Yaron Conforti former CFO, former Corporate Secretary and former director ⁽²⁾	2016	70,000	Nil	Nil	Nil	Nil	70,000
	2015	20,000	Nil	Nil	Nil	Nil	20,000
Mark McCooley director ⁽³⁾	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
Daryle Anderson director ⁽⁴⁾	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
Paul Bernard Lee former director ⁽⁵⁾	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
John Williams former director ⁽⁶⁾	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

1. Mr. Mueller was appointed as the Chairman, CEO and a director of the Company on October 27, 2015 in connection with the Company's reverse takeover transaction with International Wastewater Heat Exchange Systems Inc. ("IWHES"). The

disclosure in the above table includes all compensation received by Mr. Mueller from the Company and IWHES for the periods indicated.

2. Mr. Conforti was replaced as Chief Financial Officer, Corporate Secretary and resigned as a director of the Company on May 3, 2017.
3. Mr. McCooey was appointed as a director of the Company on October 27, 2015.
4. Mr. Anderson Williams was appointed as a director on June 23, 2016.
5. Mr. Lee was appointed as a director of the Company on October 27, 2015 and resigned as a director of the Company on June 23, 2016.
6. Mr. Williams was appointed as a director on June 23, 2016 and resigned as a director of the Company on January 22, 2017.

Stock Options and Other Compensation Securities

During the Company's financial year ended December 31, 2016 there were no compensation securities granted or issued to any of the Directors or NEOs by the Company or one of its subsidiaries, except as set forth below.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant (dd/mm/yy)	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date (dd/mm/yy) ⁽¹⁾
Lynn Mueller Chairman, CEO and Director	Options	3,500,000	12/07/16	\$0.30	\$0.30	\$0.345	12/07/21
Yaron Conforti former CFO, former Corporate Secretary and former Director	Options	200,000	12/07/16	\$0.30	\$0.30	\$0.345	03/05/18 ⁽²⁾
Mark McCooey Director	Options	200,000	12/07/16	\$0.30	\$0.30	\$0.345	12/07/21
Daryle Anderson director	Options	200,000	12/07/16	\$0.30	\$0.30	\$0.345	12/07/21
John Williams former director	Options	200,000	12/07/16	\$0.30	\$0.30	\$0.345	22/01/18 ⁽³⁾

Notes:

1. All options granted to Directors and NEOs during the Company's financial year ended December 31, 2016 are subject to vesting, with 20% of such options vesting for each six months of service.
2. Mr. Conforti's will expire one year from the date that he ceased to act as Chief Financial Officer, Corporate Secretary and a director of the Company on May 3, 2017.
3. Mr. Williams' options will expire one year from the date of his resignation as a director of the Company on January 22, 2017.

There were no options exercised by a Director or NEO of the Company during the Company's financial year ended December 31, 2016.

Stock option plans and other incentive plans

On November 1, 2011, the Board approved the adoption of a 10% rolling stock option plan dated November 1, 2011 (the "Plan"), which was approved by shareholders at the Company's annual general meeting held on November 14, 2012. 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 Board, or a committee appointed by the Board. The Plan also provides that the number of Common Shares issuable under the Plan, together with all of the Company's other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of issued and outstanding Common Shares.

The Plan is subject to the following restrictions:

- (a) 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 (unless the Company has obtained disinterested shareholder approval if required by regulatory rules);

- (b) 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;
- (c) the Expiry Date of an Option shall be no later than the tenth anniversary of the Grant Date of such Option;
- (d) 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
- (e) 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, and such limitation will not be an amendment to the Plan requiring the option holders consent under section 9.2 of the Plan.

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

- (a) persons who are consultants to the Company or its affiliates, or who are providing services to the Company or its affiliates, are eligible to receive grants of options under the Plan;
- (b) options granted under the Plan are non-assignable, and non-transferable;
- (c) an option granted to any consultants will expire within 30 days after the date the Optionee ceases to be employed by or provide services to the Company;
- (d) if an Optionee dies, any vested option held by him or her at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year following the date of death and the applicable expiry date;
- (e) the exercise price of each option will be set by the Board on the effective date of the option and will not be less than the Market Value (as defined in the Plan);
- (f) the vesting schedule for an option, if any, shall be determined by the Board and shall be set out in the Option Certificate issued in respect of the option; and
- (g) the Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the Plan with respect to all Plan shares in respect of options which have not yet been granted under the Plan.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets out equity compensation plan information as at December 31, 2016:

	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders (the Share Option Plan)	6,085,000	\$0.31	3,147,754
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	6,085,000	\$0.31	3,147,754

Employment, consulting and management agreements

The Company entered into an employment agreement with Lynn Mueller dated October 27, 2015. Pursuant to the terms of the agreement, Mr. Mueller is entitled to receive an annual base salary of \$156,000. From time to time, the Company, in its sole discretion, may pay Mr. Mueller performance bonuses. The Company also agrees to provide Mr. Mueller with the same medical, dental, life, extended health and disability insurance benefits that are made available to the Company's senior executive employees and to maintain directors' and officers' liability insurance in favour of Mr. Mueller. Further, pursuant to the Agreement the Company granted Mr. Mueller 3,500,000 options to purchase Common Shares. The

agreement provides for a term of five years, subject to earlier termination. Please refer to the table headed “Stock Options and Other Compensation Securities “ above. In the event that the Company decides to terminate the agreement without cause, the Company must provide one month’s written notice and pay Mr. Mueller the greater of one year’s salary or the equivalent of one month’s salary for each year of employment.

The Company entered into a consulting agreement with Emmarentia Management Corp., a company controlled by Yaron Conforti, former CFO and Corporate Secretary, for the provision of CFO and Corporate Secretarial services. The agreement is dated November 10, 2015. Pursuant to the terms of the agreement, Mr. Conforti is entitled to receive a monthly fee of \$10,000 plus applicable taxes. From time to time, the Company, in its sole discretion, may pay Mr. Conforti performance bonuses. The Company also agrees to provide Mr. Conforti with the same medical, dental, life, extended health and disability insurance benefits that are made available to the Company’s senior executive employees and to maintain directors’ and officers’ liability insurance in favour of Mr. Conforti. The agreement is for an indeterminate period of time, subject to termination provisions provided in the agreement. In the event that the Company decides to terminate the agreement without cause, the Company must provide one month’s written notice and pay Mr. Conforti the equivalent of three month’s fees. The Company’s consulting agreement with Emmarentia Management Corp. was terminated effective May 3, 2017.

Other than as stated above, there were no written compensatory plans or arrangements in place with an NEO or director of the Company in respect of the year ended December 31, 2016.

Pension Plan Benefits

The Company has no pension plan arrangements or benefits with respect to any of its NEOs, directors or employees.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Indebtedness of Directors and Executive Officers

The following table sets forth each individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the company, each proposed nominee for election as a director of the company, and each associate of any such director, executive officer or proposed nominee, who is, or at any time since the beginning of the most recently completed financial year of the company has been, indebted to the company or any of its subsidiaries:

Name and Principal Position	Involvement of Company or Subsidiary	Largest Amount Outstanding During Year Ended December 31, 2015 (\$)	Amount Outstanding as at May 15, 2017 (\$)	Financially Assisted Securities Purchases During Year Ended December 31, 2015 (#)	Security for Indebtedness	Amount Forgiven During Year Ended December 31, 2015 (\$)
Lynn Mueller, CEO and Director	Company acted as lender	80,000	41,211	Nil	None	Nil
	IWHES acted as lender	27,702	27,702	Nil	None	Nil

During the year ended December 31, 2015, the Company advanced \$80,000 to Lynn Mueller, CEO of the Company, for the purpose of purchasing Common Shares in the Company in a private transaction. **The advance bears interest at a rate of 3% per annum and is due on demand. Subsequent to December 31, 2016, \$40,000 of the loan was repaid. In addition, prior to the completion of the Transaction, IWHES advanced \$27,702 to Lynn Mueller, which is non-interest bearing and is due on demand.]**

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

This Information Circular, including the disclosure below, briefly describes (and, where practicable, states the approximate amount) of any material interest, direct or indirect, of any informed person of the Company, any proposed director of the Company, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the Company’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

During the year ended December 31, 2016, the Company incurred the following charges with key management personnel:

- (i) Consulting fees of \$169,966 (2015: \$85,857) were paid to companies controlled by directors and officers of the Company and a company controlled by a director of International Wastewater Heat Exchange Systems Inc. (“IWHES”)

Company and name of associated director or officer:	Year ended December 31, 2016	Year ended December 31, 2015
Emmarentia Management Corp. (Yaron Conforti)	\$120,000	\$20,000
Hillside MS Ltd. (Russ Burton)	\$43,223	\$65,857
CIR Mechanical Services Ltd. (Daryle Anderson)	\$6,743	\$Nil

- (ii) Wages and benefits of \$337,611 (2015: \$255,683) as follows:

Wages and benefits	Year ended December 31, 2016	Year ended December 31, 2015
Lynn Mueller	\$156,000	\$156,926
Daryle Anderson	\$90,000	\$15,000
Russ Burton	\$91,611	\$83,751

and

- (iii) Accounting fees of \$4,000 (2015: \$30,000) to CIR Mechanical Services Ltd., a company controlled by Daryle Anderson, a director of IWHES.

MANAGEMENT CONTRACTS

Except as set out herein, 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 executive officers of the Company.

ADDITIONAL INFORMATION

Financial information is provided in the audited financial statements of the Company for the year ended December 31, 2016 and in the related management discussion and analysis, of which are filed on SEDAR at www.sedar.com. The report of the auditor and management’s discussion and analysis are being mailed to shareholders requesting copies be mailed to them, together with the Notice of Meeting and this Information Circular and will be placed before the Meeting.

Additional information relating to the Company is filed on SEDAR at www.sedar.com and is available upon request from the Corporate Secretary at 1443 Spitfire Place, Port Coquitlam, British Columbia Canada V3C 6L4, telephone number 604-475-7710. Copies of documents will be provided free of charge to security holders of the Company. The Company may require the payment of a reasonable charge from any person or company who is not a securityholder of the Company, who requests a copy of any such document.

MATTERS TO BE ACTED UPON

The Board is not aware of any 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.

DATED at Vancouver, British Columbia, May 26 , 2017.

BY ORDER OF THE BOARD

“Lynn Mueller”

Lynn Mueller
Chief Executive Officer

SCHEDULE A - AUDIT COMMITTEE CHARTER

1. MISSION

Senior management, as overseen by the board of directors, has primary responsibility for the Company's financial reporting, accounting systems and internal controls. The audit committee is a standing committee of the board of directors established to assist the board of directors in fulfilling its responsibilities in this regard.

2. RESPONSIBILITIES

The audit committee shall:

(a) Financial Information

(i) review the annual financial statements and related matters and recommend their approval to the board of directors, after discussing matters such as the selection of accounting policies, major accounting judgements, accruals and estimates with management;

(ii) review the annual information form, if applicable;

(iii) be responsible for reviewing the results of the external audit, including:

A. the auditor's engagement letter;

B. the reasonableness of the estimated audit fees;

C. the scope of the audit, including materiality, locations to be visited, audit reports required, areas of audit risk, timetable, deadlines and coordination with internal audit;

D. the post-audit management letter together with management's response;

E. the form of the audit report;

F. any other related audit engagements (e.g. audit of the company pension plan);

G. non-audit services performed by the auditor;

H. assessing the auditor's performance;

I. recommending the auditor for appointment by the board or directors; and

J. meeting with the auditors to discuss pertinent matters, including the quality of accounting personnel;

(iv) ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements (except for disclosure required to be reviewed by the audit committee), and must periodically assess the adequacy of those procedures;

(v) establish procedures for:

A. the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

B. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

(vi) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;

(b) Interim Financial Statements

(vii) obtain reasonable assurance on the process for preparing reliable quarterly interim financial statements from discussions with management and, where appropriate, reports from the external and internal auditors;

(viii) review and approve the interim financial statements of the Company and management's discussion and analysis related thereto when the same is not undertaken by the board of directors;

(ix) obtain reasonable assurance from management about the process for ensuring the reliability of other public disclosure documents that contain audited and unaudited financial information;

(c) Accounting System and Internal Controls

(x) obtain reasonable assurance from discussions with and/or reports from management, and reports from external and internal auditors that the Company's accounting systems are reliable and that the prescribed internal controls are operating effectively;

(xi) direct the auditors' examinations to particular areas;

(xii) request the auditors to undertake special examinations (e.g., review compliance with conflict of interest policies);

(xiii) review control weaknesses identified by the external and internal auditors, together with management's response;

(xiv) review the appointments of the chief financial officer and key financial executives;

(xv) review accounting and financial human resources and succession planning within the company.

(d) Reporting

(xvi) report to the board of directors following each meeting on the major discussions and decisions made by the audit committee; and

(xvii) review the audit committee's terms of reference periodically and propose recommended changes to the board of directors.

3. COMPOSITION AND REGULATIONS

(a) The audit committee shall be composed of at least three directors. The members and the chairperson of the audit committee shall be appointed by the board of directors for a one year term and may serve any number of consecutive terms.

(b) The chairperson of the audit committee shall, in consultation with management and the auditors, establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to members with sufficient time for study prior to the meeting.

(c) The audit committee shall have the power, authority and discretion delegated to it by the board of directors which shall not include the power to change the membership of or fill vacancies in the audit committee.

(d) The audit committee shall conform to the regulations which may from time to time be imposed upon it by the board of directors. The board of directors shall have the power at any time to revoke or override the authority given to or acts done by the audit committee except as to acts done before such revocation or act of overriding and to terminate the appointment or change the membership of the audit committee or fill vacancies in it as it shall see fit.

- (e) The audit committee may meet and adjourn, as they think proper. A majority of the members of the audit committee shall constitute a quorum thereof. Questions arising shall be determined by a majority of votes of the members of the audit committee present, and in the case of an equality of votes, the chairperson shall not have a second or casting vote.
- (f) A resolution approved in writing by all of the members of the audit committee shall be valid and effective as if it had been passed at a duly called meeting. Such resolution shall be filed with the minutes of the proceedings of the audit committee and shall be effective on the date stated thereon or on the latest date stated in any counterpart.
- (g) The audit committee shall keep regular minutes of its meetings and record all material matters and shall cause such minutes to be recorded in the books kept for that purpose and shall distribute such minutes to the board of directors.
- (h) The audit committee shall have unrestricted and unfettered access to all Company personnel and documents and shall be provided with the resources necessary to carry out its responsibilities.