



**THE DELMA GROUP INC.**

**NOTICE OF ANNUAL MEETING OF THE SHAREHOLDERS**

**TO BE HELD ON OCTOBER 22, 2018**

**NOTICE IS HEREBY GIVEN** that an annual meeting (the “**Meeting**”) of the holders of class A common shares and class B shares of The Delma Group Inc. (“**Delma**” or the “**Corporation**”) will be held at the offices of BCF LLP at 2500-1100 boulevard Rene-Levesque West, Montreal, Quebec, on October 22, 2018 at 10:00 a.m. (Montreal Time) for the following purposes:

1. to receive the financial statements of the Corporation for the year ended December 31, 2017, and the auditors’ report thereon;
2. to elect the directors for the ensuing year;
3. to re-appoint Raymond Chabot Grant Thornton LLP, Chartered Accountants (“**RCGT**”) as auditors for the ensuing year and to authorize the directors to fix their remuneration;
4. to transact such further and other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

Holders of Shares at the close of business on September 14, 2018 (the “**Record Date**”) will be entitled to notice of, and to attend and vote at, the Meeting or any adjournments thereof.

Delma Shareholders who are unable to attend the Meeting should complete, sign, date and return the enclosed form of proxy to TSX Trust Company by mail or delivery to 100 Adelaide West, Suite 301, Toronto, M5H 4H1 or by fax 416-595-9593, not later than 10:00 a.m. (Montreal time) on October 18, 2018 or, if the Meeting is adjourned, not later than 4:30 p.m. (Montreal time) on the last business day preceding such adjourned meeting.

If you are a non-registered Delma Shareholder and have received these materials through your broker or another intermediary, please complete and return the voting instruction form in accordance with the instructions provided to you by your broker or such other intermediary.

The instrument of proxy shall be in writing and shall be executed by the Delma Shareholder or such shareholder’s attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized.

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

Dated at Montreal, Quebec, on September 12, 2018

BY ORDER OF THE BOARD OF DIRECTORS OF  
THE DELMA GROUP INC.

(s) Hassan Al-Shawwa  
Chairman & Chief Executive Officer

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|---|-----------|
| <b>GLOSSARY OF TERMS.....</b>   | <b>3</b>  |
| <b>SUMMARY.....</b>   | <b>5</b>  |
| INTRODUCTION.....   | 5         |
| GENERAL VOTING AND PROXY INFORMATION .....  | 5         |
| <i>Appointment of Proxies.....</i>  | 5         |
| <i>Revocation of Proxies.....</i>   | 5         |
| <i>Voting of Proxies .....</i>  | 5         |
| <i>Non-Registered Holders .....</i>   | 6         |
| QUORUM .....  | 7         |
| VOTING SHARES AND PRINCIPAL SHAREHOLDERS .....  | 7         |
| CURRENCY .....  | 8         |
| CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS.....   | 9         |
| <b>PART II – MATTERS TO BE ACTED UPON AT THE MEETING .....</b>  | <b>10</b> |
| FINANCIAL STATEMENTS AND AUDITORS’ REPORT.....  | 10        |
| RE-APPOINTMENT OF AUDITORS .....  | 10        |
| ELECTION OF DIRECTORS .....   | 10        |
| <i>Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions or Individual Bankruptcies.....</i> | 13        |
| OTHER BUSINESS.....   | 15        |
| <b>PART III – INFORMATION CONCERNING DELMA.....</b>   | <b>16</b> |
| EXECUTIVE COMPENSATION.....   | 16        |
| COMPENSATION DISCUSSION AND ANALYSIS .....  | 16        |
| <i>Objectives .....</i>   | 16        |
| <i>Elements of the Compensation Program .....</i>   | 17        |
| <i>Compensation Governance.....</i>   | 17        |
| <i>Base Salary.....</i>   | 17        |
| <i>Benefits and Perquisites .....</i>   | 17        |
| <i>Risk of Compensation Practices and Disclosure .....</i>  | 17        |
| <i>Hedging Policy .....</i>   | 17        |
| <i>Narrative Discussion .....</i>   | 18        |
| SUMMARY COMPENSATION TABLE .....  | 19        |
| <i>Long Term Incentives .....</i>   | 19        |
| <i>Director Compensation .....</i>  | 20        |
| <i>Share-Based Awards, Options-Based Awards and Non-Equity Incentive Plan Compensation.....</i>           | 20        |
| <i>Securities Authorized for Issuance under Equity Compensation Plans.....</i>                            | 21        |
| NON-ARM’S LENGTH PARTY TRANSACTIONS .....   | 21        |
| <i>Other Reporting Issuer Experience .....</i>  | 21        |
| AUDIT COMMITTEE AND CORPORATE GOVERNANCE .....  | 22        |
| <i>Audit Committee .....</i>  | 22        |
| <i>Corporate Governance .....</i>   | 23        |
| INDEBTEDNESS OF DIRECTORS AND OFFICERS .....  | 25        |
| INVESTORS RELATIONS ARRANGEMENTS.....   | 25        |
| ADDITIONAL INFORMATION .....  | 25        |
| AUDITORS, TRANSFER AGENT AND REGISTRAR .....  | 25        |
| <i>Auditors .....</i>   | 25        |
| <i>Transfer Agent and Registrar .....</i>   | 25        |
| <b>PART IV – GENERAL MATTERS.....</b>   | <b>26</b> |
| OTHER MATERIAL FACTS.....   | 26        |
| BOARD APPROVAL .....  | 26        |
| <b>SCHEDULE A .....</b>   | <b>27</b> |
| AUDIT COMMITTEE CHARTER .....   | 27        |

## GLOSSARY OF TERMS

The following is a glossary of certain general terms used in this Circular, including the summary hereof. Terms and abbreviations used in the financial statements included in, or appended to this Circular are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

**“Affiliate”** means a company that is affiliated with another company as described below.

A company is an “Affiliate” of another company if:

- a) one of them is the subsidiary of the other; or
- b) each of them is controlled by the same Person.

A company is “controlled” by a Person if:

- a) voting securities of Delma are held, other than by way of security only, by or for the benefit of that Person; and
- b) the voting securities, if voted, entitle the Person to elect a majority of the directors of Delma.

A Person beneficially owns securities that are beneficially owned by:

- a) a company controlled by that Person; or
- b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

**“Associate”** when used to indicate a relationship with a Person, means:

- a) an Issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the Issuer;
- b) any partner of the Person;
- c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity; or
- d) in the case of a Person who is an individual:
  - (i) that Person’s spouse or child, or
  - (ii) any relative of the Person or of his spouse who has the same residence as that Person.

**“Board”** means the board of directors of Delma.

**“Circular”** means this management information circular of Delma, including the schedules hereto.

**“CSE”** means the Canadian Securities Exchange.

**“Delma”** means The Delma Group Inc.

**“Delma Shareholders”** means holders of Delma Shares.

**“Delma Shares”** or **“Common Shares”** means the issued and outstanding class A common shares in the capital of Delma.

**“Delma Multivoting Shares”** means the issued and outstanding class B shares in the capital of Delma.

**“DMCL”** means Dale Matheson Carr-Hilton Labonte LLP.

**“Escrow Agent”** means TSX Trust Company.

**“Meeting”** means the annual meeting of the shareholders of Delma to be held on October 22, 2018 for the purposes described in this Circular.

**“Notice of Meeting”** means the notice of the Meeting delivered to the Delma Shareholders together with this Circular.

**“Person”** means an individual or company.

**“RCGT”** means Raymond Chabot Grant Thornton LLP.

**“Shares”** means Delma Shares and Delma Multivoting Shares.

**“Stock Option Plan”** means Delma’s stock option plan.

**“TSX”** means the Toronto Stock Exchange.

**“TSX-V”** means the TSX Venture Exchange.

## SUMMARY

### INTRODUCTION

This information circular is furnished in connection with the solicitation of proxies by and on behalf of the directors and Management to be used at the Meeting to be held on October 22, 2018 and any adjournment thereof, for the purposes set forth in the accompanying Notice. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited by telephone or other personal contact by employees of Delma. The costs of solicitation will be borne by Delma. Delma will reimburse banks, brokerage firms and other custodians, nominees, fiduciaries and intermediaries for their reasonable expenses incurred in sending proxy materials to beneficial owners of Common Shares and requesting authority to execute proxies. The information contained herein is given as at September 22, 2018, unless otherwise indicated.

### GENERAL VOTING AND PROXY INFORMATION

The management of Delma solicits proxies to be used at the Meeting to be held at the time and place and for the purposes set forth in the attached notice of meeting and at any adjournment thereof.

If you cannot attend the Meeting in person, complete and return the enclosed form of proxy following the instructions therein.

#### Appointment of Proxies

A form of proxy is enclosed and, if it is not your intention to be present at the Meeting, you are asked to complete and return the form of proxy in the envelope provided. The proxy must be executed by the Delma Shareholder or the attorney of such Delma Shareholder, duly authorized in writing. Proxies to be used at the Meeting must be deposited with the Transfer Agent.

The individuals named in the form of proxy for the Meeting are nominees of the Management. **A Delma Shareholder may appoint a proxyholder (who is not required to be a Delma Shareholder), other than any person designated in the form of proxy, to attend and act on such Delma Shareholder's behalf at the Meeting, either by inserting such other desired proxyholder's name in the blank space provided in the form of proxy and deleting the names printed thereon or by substituting another proper form of proxy.**

#### Revocation of Proxies

A Delma Shareholder giving a proxy has the power to revoke it at any time before it is exercised. A proxy may be revoked by instrument in writing executed by the Delma Shareholder or by his or her attorney authorized in writing or, if the Delma Shareholder is a corporation, under its corporate seal, or by an officer or attorney thereof duly authorized, and deposited at the offices of the Transfer Agent, on or before the last business day preceding the day of the Meeting, or any adjournment or adjournments thereof, at which the proxy is to be used or with the Chairman of the Meeting on the day of the Meeting, or any adjournment or adjournments thereof.

#### Voting of Proxies

Shares represented by proxies will be voted or withheld from voting as specified on any ballot that may be called for and, if the Delma Shareholder specifies a choice with respect to any matter to be acted upon at the Meeting. Shares represented by properly executed proxies will be voted accordingly. **If no specification is made to withhold the said Common Shares from voting, a proxyholder will vote the Shares FOR (i) the election of each of the persons nominated by Management as directors of the Corporation, and (ii) the appointment of auditors and the authorization of the directors to fix their remuneration.**

The enclosed form of proxy confers discretionary authority upon the individual(s) named therein with respect to amendments or variations to matters identified in the accompanying Notice, and with respect to such other matters

which may properly come before the Meeting or any adjournment thereof. At the date of this Circular, Management is not aware of any amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. However, if other matters, which are not now known to Management, should properly come before the Meeting, the accompanying proxy will be voted on such matters by the persons so designated in their discretion.

To be effective, proxies must be received by the Transfer Agent, by mail or delivery to TSX Trust Company, by mail or delivery to 100 Adelaide West, Suite 301, Toronto, M5H 4H1 or by fax 416-595-9593, not later than 10:00 a.m. (Montreal time) on October 18, 2018 or, if the Meeting is adjourned, not later than 4:30 p.m. (Montreal time) on the last business day preceding such adjourned meeting.

#### Non-Registered Holders

**The information set forth in this section should be reviewed carefully by the non-registered shareholders. Shareholders who do not hold their shares in their own name (“Beneficial Shareholders”) should note that only proxies deposited by shareholders whose names appear on the records maintained by Delma’s registrar and transfer agent as registered holders of shares will be recognized and acted upon at the Meeting.**

However, in many cases such Shares beneficially owned by Non-Registered Holders are registered either (i) in the name of an Intermediary with whom the Non-Registered Holder deals with in respect of the Common Shares such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSs, RRIIs, RESPs and similar plans; or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

Shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker’s clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

In accordance with the requirements of *Regulation 54-101 respecting Proxy Solicitation*, Delma has distributed copies of the Notice, form of proxy and this Circular to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders. Intermediaries are then required to forward the materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Typically, Intermediaries will use a service company (such as Broadridge Financial Solutions, Inc. or “BFSI”) to forward the meeting materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive meeting materials will either:

- (a) be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with the Transfer Agent, as described above; or
- (b) more typically, be given a voting instruction form which must be completed and signed by the Non-Registered Holder of Common Shares in accordance with the directions on the voting instruction form (which may in some cases permit the completion of the voting instruction form by telephone).

The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the shares they beneficially own. Should a Non-Registered Holder who receives the voting instruction form wish to attend and vote at the Meeting in person (or have another individual attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder’s (or such other person’s) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. In any event, Non-Registered Holders should carefully follow the instructions of their Intermediary set out in the voting instruction form.

In respect of any meeting materials sent directly to a Non-Registered Holder by Delma or its agent, the Non-Registered Holder's name and address and information about the Non-Registered Holder's holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on such Non-Registered Holder's behalf. By choosing to send the meeting materials to the Non-Registered Holder directly, Delma (and not the Intermediary holding on the Non-Registered Holder's behalf) has assumed responsibility for (i) delivering the meeting materials to the Non-Registered Holder, and (ii) executing the Non-Registered Holder's proper voting instructions. Non-Registered Holders are asked to return their voting instructions as specified in the request for voting instructions.

This Circular and accompanying materials are being sent to both registered shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories – those who object to their identity being known to the issuers of securities which they own (“**Objecting Beneficial Owners**”, or “**OBO’s**”) and those who do not object to their identity being made known to the issuers of the securities they own (“**Non-Objecting Beneficial Owners**”, or “**NOBO’s**”). Subject to the provision of NI 54-101 issuers may request and obtain a list of their NOBO's from intermediaries via their transfer agents. If you are a Beneficial Shareholder, and Delma or its agent has sent these materials directly to you, your name, address and information about your holdings of common shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the common shares on your behalf. By choosing to send these materials to you directly, Delma (and not the intermediary holding on your behalf) has assumed responsibility for delivering these materials to you and executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Delma's OBO's can expect to be contacted by BFSI or their brokers or their broker's agents as set out above.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting shares registered in the name of his or her broker (or his or her broker's agent), a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the shares as proxyholder for the registered shareholder by entering his or her own name in the blank space on the proxy form provided to him or her by his or her broker (or his or her broker's agent) and return it to that broker (or that broker's agent) in accordance with the broker's instructions (or the agent's instructions).

**All references to shareholders in this Circular, the enclosed form of proxy and the notice of meeting are to the registered shareholders unless specifically stated otherwise.**

## QUORUM

A quorum will be present at the Meeting if there is at least two Delma Shareholders present or represented by proxy holding not less than 5% of the Common Shares at each respective Meeting.

## VOTING SHARES AND PRINCIPAL SHAREHOLDERS

Delma share capital consist of Delma Shares, which are class “A” common shares, conferring 1 vote per share and Delma Multivoting Shares which are class “B” common shares, conferring 100 votes per share, automatically converted into class “A” Common shares on January 19, 2023 on a basis of 1 class “A” common share for 1 class “B” common share.

As of the date hereof, there are 8,825,588 Common Shares issued and outstanding, with each outstanding Delma Share entitled to one vote on any ballot at the Meeting for those items to be considered by Delma Shareholders.

As of the date hereof, there are 4,535,891 Delma Multivoting Shares issued and outstanding, with each outstanding Delma Multivoting Share entitled to one hundred votes on any ballot at the Meeting for those items to be considered by Delma Shareholders.

To the knowledge of the directors and officers of Delma, as of the date hereof, no person, firm or company (other than securities depositories) beneficially owns, directly or indirectly, or exercises control or direction over voting

securities carrying more than 10% of the voting rights attached to Delma Shares, other than the persons, firms or companies set forth in the table below:

| Person                               | Number of Delma Shares beneficially owned, directly or indirectly | Percentage of the voting rights attached to Delma Shares |
|--------------------------------------|---|--|
| 9381-5553 Quebec Inc. <sup>(1)</sup> | 1,899,458   | 21.52%   |
| Placements Jomyca Inc.               | 1,142,256   | 12.94%   |
| Gestion Vaillancourt Mercier Inc.    | 1,131,623   | 12.82%   |

(1) Mr. Henri Petit, director and officer of the Corporation, controls 9381-5553 Quebec Inc.

To the knowledge of the directors and officers of Delma, as of the date hereof, no person, firm or company (other than securities depositories) beneficially owns, directly or indirectly, or exercises control or direction over voting securities carrying more than 10% of the voting rights attached to Delma Multivoting Shares, other than the persons, firms or companies set forth in the table below:

| Person                               | Number of Delma Multivoting Shares beneficially owned, directly or indirectly | Percentage of the voting rights attached to Delma Multivoting Shares |
|--------------------------------------|---|--|
| Granada Canada Inc.. <sup>(2)</sup>  | 3,092,223   | 67.88%   |
| Gestion H. Petit Inc. <sup>(3)</sup> | 500,000   | 11.02%   |
| 9334-1063 Quebec Inc. <sup>(4)</sup> | 500,000   | 11.02%   |

(2) Mr. Hassan Al-Shawwa, Chairman and CEO of the Corporation, and Mr. Hazem Al-Shawwa, Director and Officer of the Corporation, have control on Granada Canada Inc.

(3) Mr. Henri Petit, director and officer of the Corporation, controls Gestion H. Petit Inc.

(4) Mr. Henri Petit, director and officer of the Corporation, controls 9334-1063 Quebec Inc.

**No person has been authorized to give any information or to make any representation with respect to the matters to be considered at the Meeting other than those contained in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized. This Circular does not constitute an offer to sell, or a solicitation of an offer to acquire, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or proxy solicitation.**

#### CURRENCY

All currency amounts expressed herein, unless otherwise indicated, are in Canadian dollars.



## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information provided in this Circular, including information incorporated by reference, may contain “forward-looking statements” about Delma. In addition, Delma may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of Delma that are not statements of historical fact and may also constitute forward looking statements. All statements, other than statements of historical fact, made by Delma that address activities, events or developments that Delma expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations of Delma and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

- the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; and
- other risks described in this Circular and described from time to time in documents filed by Delma with Canadian securities regulatory authorities.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including: (a) expectations and assumptions concerning timing of receipt of required shareholder and regulatory approvals and any applicable third party consents, if any; and (b) expectations and assumptions concerning the success of the operation of Delma.

With respect to the forward-looking statements contained herein, although Delma believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: the availability of sources of income to generate cash flow and revenue; the volatility of Delma’s stock price; risks relating to the trading price of the Delma relative to net asset value; the dependence on management and directors; risks relating to additional funding requirements; due diligence risks; exchange rate risks; risks relating to non-controlling interests; potential conflicts of interest; and potential transaction and legal risks.

**Consequently, all forward-looking statements made in this Circular and other documents of Delma are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on Delma. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that Delma and/or persons acting on Delma’s behalf may issue. Delma undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.**

## **PART II – MATTERS TO BE ACTED UPON AT THE MEETING**

The Meeting has been called for the Delma Shareholders to consider and, if thought appropriate, to pass resolutions in relation to the election of the directors (the “**Delma Board**”) and the reappointment of the auditors.

### **FINANCIAL STATEMENTS AND AUDITORS’ REPORT**

At the Meeting, the directors of Delma will present to the Delma Shareholders the audited financial statements of Delma for the year ended December 31, 2017 and the auditors’ report thereon. No vote by the shareholders with respect to the financial statements is required or proposed to be taken.

The Board has approved the audited comparative financial statements for the fiscal year ended December 31, 2017, together with the auditor’s report thereon. Copies of those financial statements have been sent to the Shareholders who had requested receipt of same and are also available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **RE-APPOINTMENT OF AUDITORS**

The shareholders will be asked to vote for the re-appointment of Raymond Chabot Grant Thornton LLP, Chartered Accountants of Montreal, Quebec as auditor of Delma to hold office until the next annual meeting of Delma Shareholders, and to authorize the directors to fix their remuneration.

Raymond Chabot Grant Thornton have been the auditors of Delma since December 29, 2017. The management designees, if named as proxy, intend to vote the shares represented by any such proxy solicited hereby to appoint the firm of Raymond Chabot Grant Thornton LLP, Chartered Accountants as auditor of Delma unless the shareholder specifically directs therein that his shares be withheld from voting in the appointment of auditors.

### **ELECTION OF DIRECTORS**

At the Meeting, the Delma Shareholders will be required to elect the directors of Delma to hold office until the next annual meeting of Delma Shareholders or until the successors of such directors are elected or appointed.

The Delma Shareholders will be asked at the Meeting to re-elect each of Hassan Al-Shawwa, Joseph Cianci, Henri Petit, Hazem Al-Shawwa, Francois Castonguay, Terrence Badour and Hubert Marleau as directors of the Corporation until the earlier of the next annual meeting of Delma Shareholders, or until their successors are elected or appointed.

**The persons designated as proxyholders in the accompanying Instrument of Proxy (absent contrary directions) intend to vote for the election of the directors as set forth above and therein.** Delma does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies held by the persons designated as proxyholders in the accompanying Instrument of Proxy will be voted for another nominee in their discretion unless the Delma Shareholder has specified in his or her form of proxy that his or her Common Shares are to be withheld from voting in the election of directors. Each director elected will hold office until the next annual meeting of Delma Shareholders or until his successor is duly elected or appointed, all as the case may be, unless his office is earlier vacated in accordance with the by-laws of Delma or the provisions of the *Canada Business Corporations Act*.

The following table sets forth the name of each of the persons proposed to be nominated for election as a director of the Corporation, all positions and offices in the Corporation presently held by such nominees, the nominees’ municipality and country of residence, principal occupation at the present time and during the preceding five years, the period during which the respective nominees have served as directors, and the number and percentage of Common Shares beneficially owned by the nominees, directly or indirectly, or over which control or direction is exercised, as of the date hereof.

| Name, Province or State and Country of Residence and Current Position with the Delma Group  | Principal Occupation During the Past 5 Years  | Date of Appointment as a Director | Common Shares Beneficially Owned and/or Controlled | Delma Multivoting Shares Beneficially Owned and/or Controlled |
|---|---|-----------------------------------|--|---|
| <b>Hassan Al-Shawwa</b><br>Quebec, Canada<br><i>Chairman &amp; CEO</i>  | Chairman and Chief Executive Officer of The Delma Group Inc. since January 2018. Formerly Chairman and Chief Executive Officer of the SGI – Delma Properties Group since 2009.  | December 29, 2017                 | 353,603 <sup>(3)</sup><br>(4.005%)                 | 3,092,223 <sup>(3)</sup><br>(68.17%)                          |
| <b>Henri Petit</b><br>Quebec, Canada<br><i>Director, President, Properties – Development and Acquisitions &amp; Corporate Secretary</i> | Director and President – Properties, Development and Acquisitions and Corporate Secretary of The Delma Group Inc. since January 2018. Formerly President and Chief Executive Officer of GHP Group since 1996.                   | December 29, 2017                 | 2,380,998 <sup>(3)</sup><br>(26.97%)               | 1,000,000 <sup>(3)</sup><br>(22.04%)                          |
| <b>Joseph Ciani</b><br>Quebec, Canada<br><i>Director, CFO &amp; Treasurer</i>   | Director, Chief Financial Officer and Treasurer of The Delma Group Inc. since January 2018. Formerly a self-employed consultant since 1992, a Chartered Professional Accountant and a Trustee for privately-held family trusts. | December 29, 2017                 | 0 <sup>(3)</sup><br>(0%)                           | 0 <sup>(3)</sup><br>(0%)                                      |
| <b>Hazem Al-Shawwa</b><br>Quebec, Canada<br><i>Director, President – Delma Resorts &amp; Hotels</i>                                     | Director and President – Delma Resort & Hotels of The Delma Group Inc. since January 2018. Formerly Legal counsel at the Delma Properties Group since 2009.   | December 29, 2017                 | 353,603 <sup>(3)</sup><br>(4.005%)                 | 0 <sup>(3)</sup><br>(0%)                                      |
| <b>Francois Castonguay</b> <sup>(1)</sup><br>Quebec, Canada<br><i>President and Director</i>  | President and Director of The Delma Group Inc. since January 2018. Formerly President and Chief Executive Officer of Uniprix Group and consultant and strategic advisor.  | December 29, 2017                 | 8,334 <sup>(3)</sup><br>(0.09%)                    | 0 <sup>(3)</sup><br>(0%)                                      |
| <b>Terrence Badour</b> <sup>(1)</sup><br>British Columbia, Canada<br><i>Director</i>  | Director of The Delma Group Inc. since January 2018. Formerly Executive Vice President, Law and Administration at FRHI Holdings Limited.  | December 29, 2017                 | 8,334 <sup>(3)</sup><br>(0.09%)                    | 0 <sup>(3)</sup><br>(0%)                                      |
| <b>Hubert Marleau</b> <sup>(1)(2)</sup><br>Ontario, Canada<br><i>Director</i>   | Director of The Delma Group Inc. since January 2018. Formerly President, Founder and Director of Palos Capital Corporation.   | December 29, 2017                 | 8,334 <sup>(3)</sup><br>(0.09%)                    | 0 <sup>(3)</sup><br>(0%)                                      |

**Notes:**

(1) Audit committee member.

(2) Audit Committee chair.

(3) Voting securities beneficially owned, directly or indirectly, or over which control or direction is exercise.

The directors and officers of Delma, and their respective Associates and Affiliates, hold 3,113,206 Common Shares, representing 35.27% of the issued and outstanding Common Shares and public shareholders hold 5,712,382 Shares, representing 64.73% of the issued and outstanding Common Shares.

The directors and officers of Delma, and their respective Associates and Affiliates, hold 4,535,891 Delma Multivoting Shares, representing 100% of the issued and outstanding Delma Multivoting Shares.

All nominees have agreed to serve as directors if elected. Further, all of the foregoing persons have been engaged for more than five years in their present principal occupations or other positions with the same or associated companies, except as otherwise noted. The information as to shares beneficially owned, directly or indirectly or over which control or direction is exercised, is based upon information furnished to Delma by the respective nominees.

Hassan al-Shawwa is the current Chairman & CEO of the Delma. Mr. Shawwa has accumulated over 31 years of experience in business development and real estate in North America and the Middle East, and has been involved in investment & real estate projects in excess of USD \$800 million since 1986. Mr. Shawwa sits on the board of directors of several North American and International companies and organizations. He is also the former President of the National Council on Canada Arab Relations and the former Vice President of Development for the Canadian Arab Federation. Mr. Shawwa holds board seats and senior executive positions with several other Canadian non-governmental organizations, and has advised the Canadian government with respect to the Canadian Arab community, foreign policy, and business relations with the Arab world. Mr. Shawwa and his wife were members of the Prime Minister of Canada's Round Table Conferences across the country in 2010 & 2011 covering the Canadian Economy, and the Immigration & Citizenship Policy. Mr. Shawwa is regularly quoted and interviewed in the Canadian mainstream media. He is a former member of two editorial boards at the Canadian Broadcasting Corporation (CBC). He was named Real Estate Businessman of the Year in 2005 by the Federal Minister of Development, received the Maple Leaf Award for Projects of the Year in 2007, and was recently nominated for the Ordre National du Quebec. Mr. Shawwa is also a member of the Advisory Board of the Shawwa Family Educational Fund.

Hazem al-Shawwa is the current internal legal counsel of Delma and President of Delma Resorts & Hotels. He has 25 years of experience in acquiring, owning, managing and redeveloping real estate and operating businesses. Mr. Shawwa served at several Middle Eastern and Canadian law firms in the early 1990s, and then worked in the real estate field in Kuwait City, Cairo, Amman, New York, Seattle and Montreal. Mr. Shawwa sits on the boards of several North American and European companies.

Henri Petit is the current corporate secretary of Delma and President, Properties – Development and Acquisitions. He is also a trained lawyer, having started his practise in 1991 with Guy & Gilbert in Montreal, before starting his own law office. As president and CEO of GHP Group since 1996, has been acting as developer and managing partner in various commercial, industrial and multiresidential real estate developments or redevelopments, developing and owning over \$200 million in projects. Mr. Petit has extensive experience in real estate acquisitions, leasing, financing and management. Mr. Petit holds a B.A. from Laval University and an LL.L from the University of Ottawa.

Joseph Cianci is the current CFO and Treasurer of Delma. He has been a chartered accountant since 1986. He has extensive experience in banking, finance, taxation and management advisory services gained as an accountant at DBO Dunwoody, RCGT and as the chief financial officer of a financial services trust, a publicly-listed real estate company, privately owned retail and real estate companies. He acts as a consultant and is a trustee for several privately held family trusts.

Francois Castonguay is the current President of Delma. acted as President & Chief Executive Officer of Uniprix, a Canadian pharmaceutical company, from 2000 to 2015. He has a rich and diverse background in business, finance and retail and currently acts as a consultant and strategic advisor. He holds a degree in Business Administration and advanced in finance from York University in Toronto. He began his career as a director and then Vice-President at CitiBank Canada in financing medical equipment, leasing, medical, dental, hospitals, medical clinics and pharmacies. During his tenure, he pioneered the concept of financing goodwill in Quebec. He then joined Uniprix, where he spent five years as Executive Vice President before becoming President & CEO. At Uniprix, he was involved in implementing the acquisition of pharmacies from Cumberland Drugs in 1997. He also increased the

number of Uniprix pharmacies from 147 to 374, and the company's revenues from \$437 million to over \$1.9 billion. Mr. Castonguay was a member of the IUSSM (Louis H. Lafontaine) as Chairman of the Board of Directors for more than 11 years and is active with the Cystic Fibrosis Foundation, the Charles Bruneau Foundation, the Cancer Research Society of Canada, the Arthritis Society, the Heart and Stroke Foundation, the Longueuil Symphony Orchestra, the Pierre-Boucher Hospital and the Charles-Lemoyne Hospital.

Hubert Marleau is President, Founder and Director of Palos Capital Corporation ("Palos"), a merchant bank and money management firm. With over 45 years of experience in the investment and financial community, Mr. Marleau is a leading figure in Canada's financial community. Mr. Marleau has been a governor of the Toronto Stock Exchange, the Montreal Stock Exchange, and the Vancouver Stock Exchange, and has been a director of the Investment Dealer Association of Canada. Mr. Marleau is or has been a board member of over 50 publicly traded companies. Before founding Palos in 2000, he was chief economist and director of research, then Senior Vice President, at Nesbitt Thomson 14 (Nesbitt Burns-Bank of Montreal), Senior Executive Vice President for Levesque Beaubien (National Bank Financial) in charge of the money market, bond, research, derivative, equity and development departments. He was also President and CEO of Marleau Lemire, a publicly-listed investment banking firm. He has raised funds privately and publicly for hundreds of emerging and mature companies, structured numerous mergers and acquisitions, and driven numerous financial deals in Canada. Mr. Marleau holds a Bachelor of Science in Economics from the University of Ottawa.

Terrence "Terry" Badour has over 30 years of professional experience, the bulk of which has been in the hospitality industry. He has in-depth experience in hotel purchase and sales, hotel financing, corporate structuring, management agreements, branded residential agreements and hotel operational matters, including food & beverage, spa and licensing. Mr. Badour was the Executive Vice President of Law and Administration at Fairmont Raffles Hotels and Resorts (Fairmont Raffles), having spent 19 years at the company and predecessor firms. In this role he was instrumental in taking a collection of 24 owned and operated hotels located exclusively in Canada and creating the luxury multi-brand global hospitality company that Fairmont Raffles became before it was acquired by Accor in 2016. Over his 19 year tenure at Fairmont Raffles, Mr. Badour was primarily responsible for the oversight of all legal, corporate services, compliance and related administrative functions, including executive compensation and internal audit, as well as serving as a member of Fairmont's Executive Committee. He oversaw execution of the company's development and strategic plans and all merger and acquisitions. Before joining Fairmont Raffles, between 1996 and 1999, Mr. Badour was Corporate Counsel and Assistant Secretary at Canadian Pacific Limited (one of Canada's then leading conglomerates), where he was responsible for legal services at the company's executive office in Calgary, Canada. Prior to joining Canadian Pacific Limited, Mr. Badour was in private practice at Norton Rose (formerly Ogilvy Renault) and subsequently at Lavery DeBilley. In 2002, Mr. Badour was named one of Canada's top general counsels by Lexpert magazine. In 2006, he was bestowed the Canadian General Counsel Award "Dealmaker of the Year". Mr. Badour holds a B.A. (cum laude) in Political Science from Concordia University (Montreal, Canada) and a LL.L. and J.D. from the University of Ottawa (Ottawa, Canada). In 2010 he was inducted into the University of Ottawa Law School Honour Society in recognition of his contribution to the legal community and the Law School. He is also a founding member of Legal Leaders for Diversity (LLD) and an active volunteer for the United Way of Toronto.

**Unless the Shareholder directs that his or her shares be otherwise voted or withheld from voting in connection with the election of directors, the persons named in the enclosed Proxy will vote FOR the election of the seven nominees whose names are set forth above.**

Management does not contemplate that any of the nominees will be unable to serve as a director. However, if a nominee should be unable to so serve for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. The persons named in the enclosed form of proxy intend to vote for the election of all of the nominees whose names are set forth above.

#### **Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions or Individual Bankruptcies**

Except as noted below, to the knowledge of Delma, no proposed director of Delma:

- a) is, at the date of this Circular, or has been within 10 years before the date of this Circular, a director, Chief Executive Officer ("CEO") or Chief Financial Officer ("CFO") of any company, that:

- (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or
  - (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO; or
- b) is, as at the date of this Circular, or has been within 10 years before the date of the Circular, a director or executive officer of any company (including Delma) 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, other than:
- c) has, within the 10 years before the date of this 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; or
- d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Notwithstanding the above, Hubert Marleau was a director of Mitec Telecom Inc. (“**Mitec**”) when, on September 15, 2010, Mitec applied for and was granted a management cease trade order (an “**MCTO**”), as provided for in National Policy 12-203, from the Autorité des marchés financiers (the “**AMF**”), Mitec’s lead regulator. On September 29, 2010, Mitec announced its financial results, which resulted in the lifting of the MCTO.

On May 31, 2011, the AMF instituted proceedings before the *Bureau de décision et de révision* (the “**BDRVM**”) wherein the AMF sought payment by Palos Management Inc. (“**Palos**”), a company for which Mr. Marleau was then acting as president and chairman, of a monetary penalty of \$36,500 and an order requiring Palos to submit certain components of certain financial statements which the AMF alleged were not duly filed for the periods ending June 30, 2009, December 31, 2009 and June 30, 2010. The proceedings related to investment funds managed by Palos and offered under statutory prospectus exemptions. In the interim, Mr. Marleau resigned as president and chairman of Palos. On November 23, 2011, Palos and the AMF entered into a joint submission and acknowledgement of facts in which Palos acknowledged the facts alleged by the AMF and agreed to pay an administrative penalty of \$26,500.

Mr. Marleau was a director of GobiMin Inc. (“**GobiMin**”) when, on May 1, 2013, cease trade orders were imposed on GobiMin by the Alberta Securities Commission (“**ASC**”) and the British Columbia Securities Commission (“**BCSC**”) due to GobiMin’s delay in the filing its audited consolidated financial statements, management’s discussion and analysis and certificates of annual filings which were due on April 30, 2013. Upon publication of these documents and of related filings on SEDAR on May 16, 2013, a full revocation of the cease trade orders was granted to GobiMin by the ASC and the BCSC in mid-July 2013 and the trading of the Company’s shares was reinstated by the TSX Venture Exchange on July 30, 2013.

## **OTHER BUSINESS**

Management of Delma has no knowledge, as at the date hereof, of any amendment, variation or other matter or business, other than that referred to in the Notice of Meeting, to be presented for action at the Meeting. However, if any other matter properly comes before the Meeting, the accompanying Proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the Proxy. The Instrument of Proxy solicited hereunder confers upon the proxy holder the discretionary right to exercise the powers conferred thereunder upon any other matters and proposals that may properly come before the Meeting, or any adjournment or adjournments thereof.

## PART III – INFORMATION CONCERNING DELMA

### EXECUTIVE COMPENSATION

The following Statement of Executive Compensation is prepared in accordance with National Instrument Form 51-102F6. The purpose of this Statement of Executive Compensation is to provide disclosure of all compensation earned by directors and certain executive officers in connection with their position as a director or officer of, or consultant to, Delma.

For the purpose of this Circular:

“**CEO**” means each individual who acted as chief executive officer or acted in a similar capacity for any part of the most recently completed financial year;

“**CFO**” means each individual who acted as chief financial officer or acted in a similar capacity for any part of the most recently completed financial year; and

“**Named Executive Officers**” or “**NEO**” means:

- a) the CEO;
- b) the CFO;
- c) each of Delma’s 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 and whose total compensation was, individually, more than \$150,000 as determined in accordance with subsection 1.3(6) of Form 51-102F6 Statement of Executive Compensation; and
- d) any individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer, nor acting in a similar capacity at the end of the most recently completed financial year.

During the fiscal period ended December 31, 2017, Delma had four NEOs, being Hassan Al-Shawwa, Chairman and CEO; Joseph Cianci, CFO and Treasurer; Henri Petit, President, Properties – Development and Acquisitions and Corporate Secretary; and Hazem Al-Shawwa, President – Delma Resorts and Hotels.

### COMPENSATION DISCUSSION AND ANALYSIS

The purpose of this Compensation Discussion and Analysis is to provide information about Delma’s executive compensation objectives and processes and to discuss compensation decisions relating to its NEOs listed in the Summary Compensation Table below.

#### *Objectives*

An executive’s compensation is aligned with his or her responsibilities and ability to influence business results, and varies with performance and level of responsibility. Delma believes that executive compensation should support an appropriate relationship between executive pay and creation of shareholder value. To this end, Delma believes that its executive compensation should:

- a) provide compensation to that paid by similar companies, thereby enabling Delma to attract and retain talented executives critical to its long-term success;
- b) motivate and retain key executives to achieve strategic corporate objectives by rewarding them for achieving such; and



- c) align the interests of executives with the long-term interests of shareholders through stock option awards, whose value over time depends upon the market value of the Delma Shares.

#### *Elements of the Compensation Program*

Delma compensated its executives on the following basis:

- base retainer;
- time based compensation for work performed on behalf of Delma beyond the normal expected scope of their executive duties at the current stage of Delma's development with bonuses to reward specific achievements;
- stock options to provide long-term compensation incentives tied to increases in shareholder value.

Delma believes that at-risk compensation (including bonuses and stock options) is important, as it aligns the financial interests of its executives with the financial interests of its shareholders. The executive compensation program will be monitored by the Board.

#### *Compensation Governance*

Delma has relied and will rely solely on the Board, through discussion without any formal objectives, criteria or analysis, in determining the compensation of its executive officers. The Board is responsible for determining all forms of compensation, including long-term incentive in the form of stock options, to be granted to its NEOs and to its directors, and for reviewing the recommendations respecting compensation for any other officers from time to time, to ensure such arrangements reflect the responsibilities and risks associated with each position.

#### *Base Salary*

As Delma develops and requires more time from its executive officers, the base retainer fee for each executive officer will be reviewed from time to time and established. Base fees will be established taking into consideration the executive officer's personal performance and seniority, contribution to Delma's growth and profitability, and comparability with industry norms. Delma believes that a competitive base retainer is a necessary element of any compensation program that is designed to attract and retain talented and experienced executives. Delma also believes that attractive base retainers can motivate and reward executives for their overall performance.

#### *Benefits and Perquisites*

The NEOs do not receive any benefits or perquisites other than as disclosed herein.

#### *Risk of Compensation Practices and Disclosure*

The Board has not proceeded to a formal evaluation of the implications of the risks associated with its compensation policies and practices. Risk management is a consideration of the Board when implementing its compensation program, and the Board does not believe that Delma's compensation program results in unnecessary or inappropriate risk taking, including risks that are likely to have a material adverse effect on Delma.

#### *Hedging Policy*

The NEOs and directors are not permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. Neither the NEOs nor the directors are permitted to purchase financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or

indirectly, by the NEOs or directors, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds

### *Narrative Discussion*

#### *Stock Option Plan*

The purpose of the Stock Option Plan is to provide an incentive to Delma's directors, officers, employees, management companies and consultants to continue their involvement with Delma, to increase their efforts on Delma's behalf and to attract new qualified employees, while at the same time reducing the cash compensation Delma would otherwise have to pay. The Stock Option Plan is also intended to assist in aligning management and employee incentives with the interests of the Delma Shareholders.

The following is a brief description of the principal terms of the Stock Option Plan. A full copy of the Stock Option Plan is available to shareholders upon request.

- The number of Delma Shares that may be issued pursuant to Delma Options shall not exceed 10% percent of the issued and outstanding Delma Shares at the date of grant.
- The term of Delma Options granted under the Stock Option Plan is fixed by the Board and may not exceed five years from the date of grant. Delma Options are non-assignable and non-transferable.
- The exercise price of Delma Options granted under the plan is determined by the Board, provided that the exercise price is not less than the price permitted by the CSE or, if the Delma Shares are not listed on the CSE, then such other exchange or quotation system on which the Delma Shares are listed or quoted for trading.
- The terms of an option may not be amended once issued under CSE requirements. If an option is cancelled prior to the expiry date, Delma shall not grant new Delma Options to the same person until thirty days have elapsed from the date of cancellation.
- Vesting, if any, and other terms and conditions relating to such Delma Options shall be determined by the Board or the Committee (as hereinafter defined) from time to time and in accordance with CSE requirements, if Delma's shares are listed on the CSE.
- Any Delma Options granted pursuant to the plan will terminate generally within ninety days of the option holder ceasing to act as a director, officer, employee, management company or consultant of Delma or any of its affiliates, and within generally thirty days of the option holder ceasing to act as an employee engaged in investor relations activities, unless such cessation is on account of death. If such cessation is on account of death, the Delma Options terminate on the first anniversary of such cessation. If such cessation is on account of cause, or terminated by regulatory sanction or by reason of judicial order, the Delma Options terminate immediately. Delma Options that have been canceled or that have expired without having been exercised shall continue to be issuable under the plan. The plan also provides for adjustments to outstanding Delma Options in the event of any consolidation, subdivision or exchange of the Delma Shares.
- The plan is administered by the Board or, if the Board so elects, by a Committee (the "**Committee**"), which committee shall consist of at least two board members, appointed by the Board.
- The plan provides that, generally, the number of shares subject to each option, the exercise price, the expiry time, the extent to which such option is exercisable, including vesting schedules, and other terms and conditions relating to such Delma Options shall be determined by the Board or the Committee and in accordance with CSE requirements.

## SUMMARY COMPENSATION TABLE

Delma's current Board took office on December 29, 2017. No compensation was paid from December 29, 2017 to December 31, 2017. The following table presents information concerning all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, to NEOs by Delma and its subsidiaries for services in all capacities to Delma during the fiscal periods ended December 31, 2016, and December 31, 2017.

| Name and principal position  | Year ended         | 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 |                    |                             |                         |
| <b>Hassan Al-Shawwa</b><br><i>CEO and Chairman</i>                                       | 12/2016<br>12/2017 | Nil<br>Nil  | Nil<br>Nil              | Nil<br>Nil               | Nil<br>Nil                                  | Nil<br>Nil                | Nil<br>Nil         | Nil<br>Nil                  | Nil<br>Nil              |
| <b>Joseph Cianci</b><br><i>Director, CFO and Treasurer</i>                               | 12/2016<br>12/2017 | Nil<br>Nil  | Nil<br>Nil              | Nil<br>Nil               | Nil<br>Nil                                  | Nil<br>Nil                | Nil<br>Nil         | Nil<br>Nil                  | Nil<br>Nil              |
| <b>Henri Petit</b><br><i>Director, Corporate secretary and President of a subsidiary</i> | 12/2016<br>12/2017 | Nil<br>Nil  | Nil<br>Nil              | Nil<br>Nil               | Nil<br>Nil                                  | Nil<br>Nil                | Nil<br>Nil         | Nil<br>Nil                  | Nil<br>Nil              |
| <b>Hazem Al-Shawwa</b><br><i>Director and President of a subsidiary</i>                  | 12/2016<br>12/2017 | Nil<br>Nil  | Nil<br>Nil              | Nil<br>Nil               | Nil<br>Nil                                  | Nil<br>Nil                | Nil<br>Nil         | Nil<br>Nil                  | Nil<br>Nil              |

### Long Term Incentives

#### ***Incentive Plan Awards***

The total number of Common Shares reserved under option for issuance pursuant to Delma's incentive option plan may not exceed 10% of the Shares outstanding.

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

There were no share-based awards and option-based awards outstanding at December 31, 2017 to the NEOs of Delma.

#### ***Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year***

There was no vesting with respect to option-based awards and share-based awards for each NEO during the period ended December 31, 2017.

### ***Pension Plan Benefits – Defined Benefits Plan and Defined Contribution***

The Company does not have a Defined Benefits Pension Plan nor a Defined Contribution Pension Plan.

### ***Termination and Change of Control Benefits***

During the period ended December 31, 2017, there were no employment contracts, agreement, plans or arrangements for payments to an NEO, at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in an NEO's responsibilities.

### **Director Compensation**

The following table sets forth information with respect to all amounts of compensation provided to directors of Delma (other than NEOs) for the period ended December 31, 2017.

| Name  | Fees earned (\$)         | Share-based awards (\$) | Option-based awards (\$) | Non-equity incentive plan compensation (\$) | Pension value (\$) | All other compensation (\$) | Total (\$) |
|---|--------------------------|-------------------------|--------------------------|---|--------------------|-----------------------------|------------|
| David Carkeek <sup>(1)</sup><br><i>Director</i> | 99,586.50 <sup>(3)</sup> | Nil                     | Nil                      | Nil   | Nil                | Nil                         | 99,586.50  |
| Vid Wadhwani <sup>(2)</sup><br><i>Director</i>  | 99,586.50 <sup>(3)</sup> | Nil                     | Nil                      | Nil   | Nil                | Nil                         | 99,586.50  |

(1) Former director of The Delma Group Inc. Mr. Carkeek resigned as director on December 29, 2017.

(2) Former director of The Delma Group Inc. Mr. Wadhwani resigned as director on December 29, 2017.

(3) Consists of time based consulting fees paid for services rendered as officer of Delma.

No cash compensation was paid to the other directors of Delma in their capacity as directors during the financial year ended December 31, 2017.

The directors of the Delma are eligible to receive options to purchase Common Shares pursuant to the terms of Delma's incentive Stock Option Plan. Compensation means: fees, shares, options, non equity, pension value and other compensation.

### **Share-Based Awards, Options-Based Awards and Non-Equity Incentive Plan Compensation**

#### ***Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards***

There is no information to be provided concerning outstanding share-based awards and option-based awards for the directors of Delma, other than NEOs, for the period ended December 31, 2017.

#### ***Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year***

There is no information to be provided concerning value vested with respect to option-based awards and share-based awards for the directors of Delma, other than NEOs, for the period ended December 31, 2017.

### ***Long Term Incentive Plans***

Delma does not have a long term incentive plan other than the Stock Option Plan.

## Securities Authorized for Issuance under Equity Compensation Plans

The following table sets out, as of December 31, 2017, all required information with respect to compensation plans under which equity securities of Delma are authorized for issuance:

| <b>Plan Category</b>   | <b>Number of securities to be issued upon exercise of outstanding options, warrants and rights<br/>(a)</b> | <b>Weighted-average exercise price of outstanding options, warrants and rights<br/>(b)</b> | <b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))<br/>(c)</b> |
|--|--|--|--|
| <i>Equity compensation plans approved by securityholders</i>     | Nil  | N/A  | 10% percent of the issued and outstanding Delma Shares at the date of grant.   |
| <i>Equity compensation plans not approved by securityholders</i> | Nil  | N/A  | Nil  |
| <b>Total</b>   | Nil  | Nil  | 10% percent of the issued and outstanding Delma Shares at the date of grant.   |

On July 17, 2018, Delma granted new incentive stock options to certain directors and officers of the corporation to purchase up to an aggregate of 1,150,000 Delma Shares. The options are exercisable at a price of \$6.50 per share and will fully vest immediately on the date of grant. 1,050,000 of those options have a term of five years and expire on July 17, 2022. The remaining 100,000 options have a term of one year and expire on July 17, 2018.

## NON-ARM'S LENGTH PARTY TRANSACTIONS

### Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoter of Delma that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

| <b>Name</b>             | <b>Other Reporting Issuer</b>           | <b>Exchange</b> | <b>Position</b>           | <b>Dates</b>                 |
|-------------------------|---|-----------------|---------------------------|------------------------------|
| <b>Hassan Al-Shawwa</b> | Physinorth Acquisition Corporation Inc. | TSX-V           | Director                  | Since July 17, 2017          |
| <b>Joseph Cianci</b>    | Physinorth Acquisition Corporation Inc. | TSX-V           | Director, Treasurer       | Since July 17, 2017          |
| <b>Hubert Marleau</b>   | Dundee Sustainable Technologies Inc.    | CSE             | Director                  | Since June 2011              |
|                         | Eco-Oro Minerals Corporation            | TSX             | Director                  | June 2011 to August 2017     |
|                         | Woulfe Mining Corporation               | TSX-V           | Director                  | April 2010 to September 2015 |
|                         | A.I.S. Resources Limited                | TSX-V           | Director                  | June 2009 to October 2015    |
|                         | Gobimin Inc.                            | TSX-V           | Director                  | Since September 2005         |
|                         | Niocan Inc.                             | TSX             | Director, President & CEO | Since June 1999              |

| Name | Other Reporting Issuer | Exchange | Position | Dates                       |
|------|------------------------|----------|----------|-----------------------------|
|      | Uni-Select Inc.        | TSX      | Director | February 1994 to April 2014 |

## AUDIT COMMITTEE AND CORPORATE GOVERNANCE

### Audit Committee

The applicable rules require Delma, as a venture issuer and subject to the exemption in Section 6.1 of *Regulation 52-110 respecting Audit Committees* (“**Regulation 52-110**”), to disclose certain information relating to Delma’s audit committee and its relationship with Delma’s independent auditors.

#### *Audit Committee Charter*

The text of Delma’s audit committee charter is attached to this Circular as Schedule “A”.

#### *Composition of the Audit Committee*

The members of Delma’s audit committee are:

|                     |                            |                                     |
|---------------------|----------------------------|-------------------------------------|
| Hubert Marleau      | Independent <sup>(1)</sup> | Financially Literate <sup>(2)</sup> |
| Terrence Badour     | Independent <sup>(1)</sup> | Financially Literate <sup>(2)</sup> |
| Francois Castonguay | Not-Independent            | Financially Literate <sup>(2)</sup> |

#### **Notes:**

- (1) A member of an audit committee is considered to be independent if the member has no direct or indirect material relationship with the corporation that could, in the view of the Delma board of directors, reasonably interfere with the exercise of a member’s independent judgement.
- (2) An individual is considered to be financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by a corporation’s financial statements.

The following table describes the Audit Committee members’ principal occupation in the past five years:

| Name, Municipality of Residence and Office held with the Corporation          | Principal Occupation During the Past 5 Years  | Director Since    |
|---|---|-------------------|
| Hubert Marleau<br>Cornwall, Ontario<br><i>Independent Director</i>            | President, Founder and Director of Palos Capital Corporation.   | December 29, 2017 |
| Terrence Badour<br>Vancouver, British Columbia<br><i>Independent Director</i> | Executive Vice President, Law and Administration for FRHI Holdings Limited (2010 to 2016). Currently retired. | December 29, 2017 |
| Mr. Francois Castonguay<br>Carignan, Quebec<br><i>Director</i>                | President of The Delma Group Inc. Former President & CEO, Uniprix Group. Consultant and strategic advisor.    | December 29, 2017 |

Each member of Delma’s present 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:

- (a) an understanding of the accounting principles used by Delma 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 Delma'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*

At no time since the commencement of Delma's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Delma board of directors.

#### *Reliance on Certain Exemptions*

At no time since the commencement of Delma's most recently completed financial year has Delma relied on the exemption in Section 2.4 of Regulation 52-110 (De Minimis Non-audit Services), or an exemption from Regulation 52-110, in whole or in part, granted under Part 8 of Regulation 52-110.

#### *Pre-Approval Policies and Procedures*

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in Schedule "A" attached hereto.

#### *External Auditor Service Fees (By Category)*

The aggregate fees billed by Delma's external auditors during the financial period ended December 31, 2016 and 2017 were as follows:

| <b>Financial Period Ended</b> | <b>Audit Fees<sup>(1)</sup></b> | <b>Audit - Related<sup>(2)</sup></b> | <b>Tax Fees<sup>(3)</sup></b> | <b>All Other Fees<sup>(4)</sup></b> |
|-------------------------------|---------------------------------|--------------------------------------|-------------------------------|-------------------------------------|
| December 31, 2016             | \$16,399                        | \$15,499                             | Nil                           | \$900                               |
| December 31, 2017             | \$48,195 <sup>(5)</sup>         | \$11,951.03                          | Nil                           | Nil                                 |

#### **Notes:**

- (1) The aggregate fees billed by Delma's auditor for audit fees;
- (2) The aggregate fees billed for assurance and related services by Delma's auditor that are reasonably related to the performance of the audit or review of Delma's financial statements and are not disclosed in the 'Audit Fees' column;
- (3) This would include the aggregate fees billed for professional services rendered by Delma's Auditor for tax compliance, tax advice and tax planning;
- (4) The aggregate fees billed for professional services other than those listed in the other three columns.
- (5) Those fees were billed by Delma's former auditor, DMCL. As at the date of this Circular, the full balance of this bill is outstanding.

## **Corporate Governance**

### *General*

The Delma Board believes that good corporate governance improves corporate performance and benefits all shareholders. *Regulation 58-201 respecting Corporate Governance Guidelines* provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as Delma. In addition, *Regulation 58-101 respecting*

*Disclosure of Corporate Governance Practices* (“**Regulation 58-101**”) prescribes certain disclosure by Delma of its corporate governance practices. This disclosure is presented below.

#### *Delma Board of Directors*

The Delma Board facilitates its exercise of independent supervision over Delma’s Management through frequent meetings of the Delma Board.

The Delma Board is comprised of seven directors, of whom each of Hubert Marleau and Terrence Badour are independent for the purposes of Regulation 58-101. Francois Castonguay, Henri Petit, Hazem Al-Shawwa, Joseph Ciani and Hassan Al-Shawwa are not independent as they all have a direct or indirect “material relationship” with Delma. A material relationship is a relationship which could in the view of the Board of Directors, reasonably interfere with the exercise of a member’s independent judgement. An executive officer of Delma, such as the President or Secretary, is deemed to have a material relationship with Delma.

#### *Directorships*

Except as disclosed in the table above, none of Delma’s directors currently serve as directors of other publicly-traded companies.

#### *Orientation and Continuing Education*

New Delma Board members receive an orientation package which includes reports on operations and results, and public disclosure filings by Delma. Delma Board meetings are sometimes held at Delma’s offices and, from time to time, are combined with presentations by Delma’s Management to give the directors additional insight into Delma’s business. In addition, Management of Delma makes itself available for discussion with all Delma Board members.

#### *Ethical Business Conduct*

The Delma Board has found that the fiduciary duties placed on individual directors by Delma’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 Delma Board in which the director has an interest have been sufficient to ensure that the Delma Board operates independently of Management and in the best interests of Delma.

#### *Nomination of Directors*

The Delma 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 view and experience.

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

#### *Compensation*

The Delma Board is responsible for determining compensation for the directors and Chief Executive Officer of Delma to ensure it reflects the responsibilities and risks of being a director of a public company.

#### *Other Delma Board Committees*

The Delma Board has no other committees other than the Audit Committee.



### *Assessments*

Due to the minimal size of Delma's board of directors, no formal policy has been established to monitor the effectiveness of the directors, the Delma Board and its committees.

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

No director, executive officer or other senior officer of Delma or person who acted in such capacity in the last financial year of Delma, or proposed director or officer of Delma, or any Associate of any such director or officer is, or has been, at any time since the beginning of the most recently completed financial year of Delma, indebted to Delma nor is, or at any time since the incorporation of Delma has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Delma.

### **INVESTORS RELATIONS ARRANGEMENTS**

Delma has not entered into any written or oral agreement or understanding with any person to provide any promotional or investor relations services for Delma. All investor relations activities and services are rendered by in-house employees of Delma.

### **ADDITIONAL INFORMATION**

Delma is a reporting issuer in the provinces of British Columbia, Alberta and Ontario. As a result, Delma files annual and other information with the local securities commissions and regulatory authorities of each of the above named provinces. As such, additional information with respect to Delma, including the audited annual financial statements as at December 31, 2017, may be found on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### **AUDITORS, TRANSFER AGENT AND REGISTRAR**

#### **Auditors**

The current auditors of Delma are Raymond Chabot Grant Thornton LLP, Chartered Accountants, having office at 600, Gauchetière W. Street, Suite 2000, Montréal, Quebec H3B 4L8,

#### **Transfer Agent and Registrar**

The transfer agent and registrar of Delma, TSX Trust Company at its offices of Toronto and Montreal, will continue to act as Delma's transfer agent and registrar.

## **PART IV – GENERAL MATTERS**

### **OTHER MATERIAL FACTS**

As of the date hereof, the management of Delma is not aware of any other material facts required to be disclosed in this Information Circular. However, if any other matter properly comes before the Meeting, the accompanying form of proxy confers discretionary authority to vote with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters that may properly come before the Meeting.

### **BOARD APPROVAL**

The delivery of this Information Circular to the Delma Shareholders has been approved by the board of directors of Delma.

**DATED** at Montreal, Quebec, this 12<sup>th</sup> day of September, 2018.

**THE DELMA GROUP INC.**

(s) Hassan Al-Shawwa  
Chairman & Chief Executive Officer

## **SCHEDULE A**

### **AUDIT COMMITTEE CHARTER**

#### **A. MANDATE**

1. The Audit Committee (the “**Committee**”) is responsible to the Board of Directors (the “**Board**”). The Committee approves, monitors, evaluates, advises and makes recommendations, in accordance with these terms of reference, on matters affecting the external and internal audits, and the financial reporting and accounting control policies and practices of the Corporation.

#### **B. COMPOSITION AND ATTENDANCE AT MEETINGS**

1. The Committee shall be comprised of three or more directors of whom the majority shall be independent, appointed by the Board to serve for a one year renewable term expiring on the date of the annual meeting of the shareholders of the Corporation or until their successors are appointed
2. The majority of all members of the Committee must be independent of the Corporation and management, and free from any direct or indirect interest, business or other relationship that may impair or interfere with their ability to act in the best interest of the Corporation.
3. All members of the Committee should have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can be reasonably expected to be raised by the Corporation’s financial statements.
4. The Chair of the Committee shall be designated by the Board.
5. Attendance by invitation at all or a portion of Committee meetings is determined by the Committee Chair or its members, and would normally include the Chief Financial Officer of the Corporation, the internal auditor, representatives of the external auditors and such other directors, officers or support staff as may be deemed appropriate.
6. The Chair of the Board shall be an ex-officio member of the Committee, to the extent that the Chairman is not a serving member of the Committee.

#### **C. DUTIES AND RESPONSIBILITIES**

1. To review, and recommend to the Board for approval, the following documents prior to public disclosure:
  - (a) the annual audited financial statements;
  - (b) the annual report;
  - (c) the annual management information circular and proxy materials;
  - (d) the annual information form;
  - (e) the quarterly unaudited financial statements, press releases and letters to shareholders; and
  - (f) any other report of management which accompanies published financial statements (to the extent such a report discusses the financial position or operating results) for consistency of disclosure with the financial statements themselves.

2. Be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection B.1, and must periodically assess the adequacy of those procedures
3. To have the Corporation's external auditor report directly to the Audit Committee and be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including resolution of disagreements between management and the external auditor regarding financial reporting.
4. To review with management, the external auditors and if necessary with legal counsel, any litigation, claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Corporation, and the manner in which these matters have been disclosed in the financial statements
5. To review and assess, in conjunction with management and the external auditor:
  - (a) the appropriateness of accounting policies and financial reporting practices used by the Corporation;
  - (b) any significant proposed changes in financial reporting and accounting policies and practices to be adopted by the Corporation;
  - (c) any new or pending developments in accounting and reporting standards that may affect or impact on the Corporation;
  - (d) the significant business risks and uncertainties pertaining to the Corporation; and
  - (e) the key estimates and judgments of management that may be material to the financial reporting of the Corporation.
6. To review off balance sheet arrangements, risks and exposures facing the Corporation and the way management is monitoring, controlling and managing these exposures.
7. To review annually a summary of related party transactions between the Corporation and any directors and officers of the Corporation.
8. To review and recommend to the Board for approval, all financial statements, reports of a financial nature, and the financial content of prospectuses or any other reports which require approval by the Board prior to public disclosure or submission thereof to any regulatory authority.
9. To assess the performance and consider the annual appointment of external auditors, and compensation thereof, for recommendation to the Board for ultimate recommendation for appointment by the shareholders
10. To review the independence letter from the external auditors as well as to review and pre- approve engagements and the related fees for non-audit services provided by the external auditors' firm or its affiliates (other than for de minimis non-audit services), and consider the impact on the independence of the external audit work The Audit Committee may:
  - (a) delegate pre-approval authority to one or more independent members provided any approved non-audit services through delegated authority is presented at the first scheduled meeting following such pre-approval;

- (b) adopt specific policies and procedures for the engagement of audit services, if:
    - the pre-approval policies and procedures are detailed as to the particular service;
    - the Audit Committee is informed of each non-audit service; and
    - the procedures do not include delegation of the audit committee's responsibilities to management.
11. To review the terms of the annual external audit engagement including, but not limited to, the following:
    - (a) staffing;
    - (b) objectives and scope of the external audit work;
    - (c) materiality limits;
    - (d) audit reports required;
    - (e) areas of audit risk;
    - (f) timetable; and
    - (g) the proposed fees.
  12. To review with the external auditors the results of the annual audit examination including, but not limited to, the following:
    - (a) any difficulties encountered, or restrictions imposed by management, during the annual audit;
    - (b) any significant accounting or financial reporting issues;
    - (c) the auditors' evaluation of the Corporation's system of internal accounting controls, procedures and documentation;
    - (d) the post-audit or management letter containing any findings or recommendations of the external auditor including management's response thereto and the subsequent follow-up to any identified internal control weaknesses; and
    - (e) any other matters which the external auditors should communicate to the Committee under the standards and requirements of the Canadian Institute of Chartered Accountants.
  13. To meet with the external auditors, at least annually or as requested by the auditors without management representatives present.
  14. At least annually, request the external auditor to provide their views on the quality (not, just the acceptability) of the Corporation's annual and interim financial reporting. Such quality assessment should encompass, judgments about the appropriateness, aggressiveness or conservatism of estimates and elective accounting principles or methods and, judgments about the clarity of disclosures.
  15. When there is to be a change in auditor, review all issues related to the change including the information to be included in the notice of change of auditor called for under Regulation 51-102 and the planned steps for an orderly transition.

16. To communicate directly with the internal auditors and to review and approve the annual internal audit plan, including the mandate, staffing, scope and objectives of the internal audit department, and to receive and review all internal audit reports.
17. To obtain reasonable assurance, by discussions with and reports from management, the external auditors and the internal auditors that the accounting systems are reliable and that the system of internal controls is effectively designed and implemented.
18. To review the internal control and approval policies and practices concerning the expenses of the officers of the Corporation, including the use of the Corporation's assets
19. To provide reports and minutes of meetings to the Board.
20. To periodically review with management that the Corporation is in compliance with all legislative withholding requirements
21. To periodically review that senior management has acted in compliance with a code of conduct.
22. To periodically review the Corporation's directors and officers' liability insurance coverage, and make recommendations thereon to the Board.
23. To review annually succession planning for senior accounting personnel and to review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.
24. To review and re-assess annually the terms of reference for the Committee in combination with any changes in applicable regulatory policies and to recommend any required changes to the Board.
25. To review any claims of indemnification pursuant to the Bylaws of the Corporation.
26. To review and approve any changes to the Corporation's Salaried Pension Plan which change the investment principal and guidelines pursuant to such Plan or change the investment manager or custodian of such Plan
27. To consider and approve, if appropriate, the engagement by an individual director of an outside advisor (including legal counsel) at the expense of the Corporation where the director deems it necessary to seek such outside and independent advice.
28. To request such information and explanations in regard to the accounts of the Corporation as the Committee may consider necessary and appropriate to carry out its duties and responsibilities.
29. To establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the Corporation regarding questionable accounting or auditing matters.
30. To consider any other matters which, in the opinion of the Committee or at the request of the Board, would assist the directors to meet their responsibilities.

**D. MEETINGS**

1. Regular meetings of the Committee are held at least four times each year.
2. Meetings may be called by the Committee Chair or by a majority of the Committee members, and usually in consultation with the management of the Corporation
3. Meetings are chaired by the Committee Chair or, in the Chair's absence, by a member chosen by the Committee from among themselves
4. A quorum for the transaction of business at any meeting of the Committee is a majority of the appointed members.
5. The Secretary of the Corporation shall provide for the delivery of notices, agendas and available related materials to the Committee members no later than the day prior to the date of the meeting; however, it should be a standard practice to deliver the agenda and materials for consideration at the meeting at least five (5) days prior to the meeting except in unusual circumstances.
6. Meetings maybe conducted with members present, or by telephone or other communications facilities which permit all persons participating in the meeting to hear or communicate with each other.
7. A written resolution signed by all Committee members entitled to vote on that resolution at a meeting of the Committee is as valid as one passed at a Committee meeting.
8. The members of the Committee shall appoint a Secretary of each meeting arid the person so appointed shall keep minutes of the proceedings of that meeting and, if not the Secretary of the Corporation, shall forward a copy of such minutes to the Secretary of the Corporation within three working days of that meeting.
9. The Secretary of the Corporation shall keep a record of minutes of all meetings of the Committee.
10. Minutes of the meetings of the Committee, prepared in draft, shall be distributed by the Secretary of the Corporation to all members of the Committee within five working days of each meeting, and shall be submitted for approval at the next regular meeting of the Committee.

**E. AUTHORITY**

1. The Committee may:
  - (a) engage independent outside counsel and other advisors as it determines necessary to carry out its duties;
  - (b) set and pay the compensation for any advisors employed by the Committee;
  - (c) communicate directly with the internal and external auditors.
2. The Committee shall have unrestricted access to the Corporation's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.