

# GENCAN CAPITAL INC.

106 Avenue Road, Toronto, Ontario, M5R 2H3

## MANAGEMENT INFORMATION CIRCULAR

### MANAGEMENT SOLICITATION

**This Management Information Circular is furnished in connection with the solicitation of proxies by or on behalf of the Management of Gencan Capital Inc. (the "Corporation") for use at the Corporation's Annual Meeting of Shareholders (the "Meeting") to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting ("Notice").**

This Circular describes the items to be voted on at the Meeting and the voting process, and provides information about executive compensation, the Corporation's corporate governance practices and other matters.

This Circular, the Notice and the enclosed form of proxy are being mailed to shareholders of record of the Corporation as of the close of business on January 18, 2019 (the "Record Date"). **Management of the Corporation is soliciting your proxy for use at the Meeting and at any adjournment or postponement thereof.** The Corporation will bear all costs associated with the preparation and mailing of this Circular, the Notice and the enclosed form of proxy, as well as the costs of the solicitation of proxies. The solicitation will be primarily by mail; however, officers and employees of the Corporation may also directly solicit proxies (but not for additional compensation) personally, by telephone or fax or by other means of electronic transmission. Banks, brokerage houses and other custodians and nominees or fiduciaries will be requested to forward proxy solicitation materials to their principals and to obtain authorizations for the execution of proxies, and will be reimbursed for their reasonable expenses in doing so.

Unless otherwise indicated, all information in this Circular is given as at January 17, 2019.

### ADVICE TO BENEFICIAL SHAREHOLDERS

Only registered holders of Common Shares of the Corporation, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, Common Shares of the Corporation that are beneficially owned by a holder (a "Non-Registered Holder") are registered either:

- (a) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFFs, RESPs and similar plans; or
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101, the Corporation has distributed copies of the Notice of Meeting, this Management Information Circular and the form of proxy (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders. Intermediaries are required to forward Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will *either*:

- (a) be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of 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 complete the form of proxy in accordance with its directions and deposit it with Computershare Investor Services Inc. ("Computershare") at 100 University Avenue, 9th floor, Toronto, Ontario, M5J 2Y1 Attention: Proxy Department; or

- (b) be given a voting instruction form which must be completed and signed by the Non-Registered Holder 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 these procedures is to permit Non-Registered Holders to direct the voting of the shares they beneficially own. Should a Non-Registered Holder who receives either a proxy or a voting instruction form wish to attend and vote at the meeting *in person* (or have another person 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 that form. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies.**

### **VOTING OF PROXIES**

The instrument of a proxy shall be in writing and shall be executed by the shareholder or by his 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 officers and/or directors of the Corporation. **A shareholder has the right to appoint as his proxy holder a person (who need not be a shareholder) to attend and to act on his behalf at the Meeting other than the persons designated in the form of proxy accompanying this circular. A shareholder may do so by inserting the name of such other person in the blank space provided in the proxy or by completing another proper form of proxy and, in either case, by delivering the completed proxy by postal or other delivery to the Corporation's Registrar and Transfer Agent, Computershare, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, not less than 48 hours, excluding Saturdays and holidays, before the time for holding the Meeting or by depositing it with the Chairman of the Meeting prior to the commencement of the Meeting.**

A shareholder may revoke a proxy by depositing an instrument in writing executed by him or his attorney authorized in writing at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof or in any other manner permitted by law.

The shares represented by proxy will be voted for, voted against or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for. **If a shareholder does not specify how their shares are to be voted with respect to the election of directors and/or the appointment of auditors and/or the authorization of the directors to fix the remuneration of the auditors, such shares will be voted, on any ballot that may be called for, in respect of such matters as set out herein.**

If any amendments or variations to matters identified in the Notice are proposed at the Meeting or if any other matters properly come before the Meeting, the enclosed form of proxy confers discretionary authority to vote on such amendments or variations or such other matters according to the best judgement of the person voting the proxy at the Meeting. Management knows of no such amendments or variations or other matters to come before the Meeting other than the matters referred to in the Notice.

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

As at January 17, 2019, there are 16,092,284 Common Shares issued and outstanding in the capital of the Corporation. The holders of the 16,092,284 Common Shares are entitled to one vote per share at the Meeting.

The date for the determination of shareholders entitled to receive Notice of the Meeting (the "Record Date") has been fixed at the close of business on January 18, 2019. In accordance with the provisions of the *Business Corporations Act (Ontario)* (the "Act"), the Corporation will have a list of the shareholders prepared not later than 10 days after such Record Date. Each shareholder whose name appears on such list will be entitled to vote the shares shown opposite the shareholder's name at the Meeting.

## **Principal Shareholders**

To the knowledge of the directors and officers of the Corporation, no person or company beneficially owns, directly or indirectly, or exercises control or direction over securities carrying more than 10% of the voting rights attached to any class of outstanding voting securities of the Corporation entitled to be voted at the Meeting other than Fred A. Litwin, the Chairman of the Board of Directors, who directly and indirectly controls 13,865,810 Common shares (86.2%). The shares controlled by Fred A. Litwin are comprised of the following:

- (a) 12,564,188 Common shares (78.1%) beneficially owned by Genterra Capital Inc. ("Genterra"), which corporation is indirectly controlled by Fred A. Litwin; and
- (b) 1,301,622 Common shares (8.1%) beneficially owned by Forum Financial Corporation ("Forum"), which corporation is directly controlled by Fred A. Litwin.

## **ELECTION OF DIRECTORS**

The shareholders will be asked to vote for the election of Fred A. Litwin, Stan Abramowitz, Mark E. Dawber, Alan Kornblum, and Sol D. Nayman as directors of the Corporation. The election of any director requires a majority of the votes cast in favor of such director.

Each director of the Corporation is elected annually and holds office until the next annual general meeting of the shareholders unless that person ceases to be a director before then. In the absence of instructions to the contrary, the shares represented by proxy will, on a poll, be voted for the nominees herein listed.

Management does not contemplate that any of the nominees will be unable to serve as a director but if that should occur for any reason prior to the Meeting or any adjournments thereof, it is intended that discretionary authority shall be exercised by the person named in the enclosed form of proxy to vote the proxy for the election of any other person or persons in place of any nominee or nominees unable to serve.

The statement as to the shares of the Corporation beneficially owned or over which control or discretion is exercised by the nominees for election as directors hereinafter named is in each instance based upon information furnished by the person concerned. The names of the nominees for election as directors, their positions with the Corporation, the year they become a director of the Corporation and the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them is as follows:

<b><u>Name</u></b>	<b><u>Principal Occupation</u></b>	<b><u>Director Since</u></b>	<b><u>Number of Common Shares Beneficially Held</u></b> <sup>(1)</sup>
Fred A. Litwin, Chairman Ontario, Canada	Executive, Forum Financial Corporation	October 27, 2015	13,865,810 Common
Stan Abramowitz, Secretary Ontario, Canada	Executive, Forum Financial Corporation	October 31, 2013	Nil
Mark E. Dawber <sup>(2)(3)</sup> Ontario, Canada	Chartered Professional Accountant & Consultant	October 27, 2015	Nil
Alan Kornblum <sup>(2)(3)(4)</sup> Ontario, Canada	President, 337572 Ontario Limited	October 27, 2015	Nil
Sol D. Nayman <sup>(2)(3)</sup> Ontario, Canada	Management Consultant	October 27, 2015	Nil

(1) *The information as to shares beneficially owned not being within the knowledge of the Corporation has been furnished by the respective directors individually.*

(2) *Member of Audit Committee.*

(3) *Member of Corporate Governance Committee.*

(4) *Alan Kornblum was a director of Distinctive Designs Furniture Inc., which made an assignment in bankruptcy during 2011.*

The Corporation does not have an executive committee of its Board of Directors.

## **APPOINTMENT OF AUDITORS**

Unless authority to do so is withheld, the persons named in the enclosed proxy intend to vote for the appointment of BDO Canada LLP, Chartered Professional Accountants (“BDO”), as auditors of the Corporation, to hold office until the next annual meeting of shareholders, at a remuneration to be fixed by the directors.

## **STATEMENT OF EXECUTIVE COMPENSATION**

The information contained below is provided as required under Form 51-102F6V contained in National Instrument 51-102 (the “Instrument”) for “venture issuers”, as such term is defined in the *Instrument*.

### **Summary Compensation Table**

The following table provides a summary of compensation earned during the fiscal year ended September 30, 2018 and each of the fiscal years ended September 30, 2017 and September 30, 2016 by the Corporation's Chairman, Chief Executive Officer and Chief Financial Officer. There are no other executive officers of the Corporation whose total salary and bonus exceeded \$150,000.00 during any such period.

<b><u>Name and Principal Position</u></b>	<b><u>Year</u></b>	<b><u>Annual Compensation</u></b>			<b><u>Long Term Compensation</u></b>
		<b><u>Salary</u></b>	<b><u>Bonus</u></b>	<b><u>Other Annual Compensation</u></b>	<b><u>Number of Common Shares Under Options</u></b>
Fred A. Litwin Chairman	2018	Nil	Nil	\$51,667 <sup>(1)</sup>	Nil
	2017	Nil	Nil	\$66,000 <sup>(1)</sup>	Nil
	2016	Nil	Nil	\$66,000 <sup>(1)</sup>	Nil
Mark I. Litwin Chief Executive Officer	2018	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil
Stan Abramowitz Chief Financial Officer	2018	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil

(1) This amount relates to (a) management fees paid to Highroad Estates Inc. (“Highroad”) for management of the Corporation’s solar energy operations and (b) fees paid by the Corporation to Genterra for administrative services provided during the period. The management and administrative fees are determined in consultation with the Board. Fred A. Litwin owns or exercises control and direction over Highroad and Genterra.

### **Options Granted During Fiscal Period Ended September 30, 2018**

The Corporation does not at this time have a Corporate Stock Option Plan. No options were granted by the Corporation during the fiscal year ended September 30, 2018.

### **Options Exercised During Fiscal Period Ended September 30, 2018**

The Corporation does not at this time have a Corporate Stock Option Plan. No options granted by the Corporation were exercised during the fiscal ended September 30, 2018.

### **Employment Contract**

There are no employment contracts between the Corporation and the Named Executive Officers and no compensatory plan or arrangement with respect to the Named Executive Officers that result or will result from the resignation, retirement or any other termination of employment of such officers’ employment with the Corporation, from a change of control of the Corporation or a change in the Named Executive Officers’ responsibilities following a change-in-control.

### **Compensation of Directors**

Compensation of directors of the Corporation is reviewed annually and determined by the Board. The level of compensation for directors is determined after consideration of various relevant factors, including the expected nature and quantity of duties and responsibilities, past performance, comparison with compensation paid by other issuers of comparable size and nature, and the availability of financial resources.

In the Board's view, there is, and has been, no need for the Corporation to design or implement a formal compensation program for directors. The Corporation does not offer any long term incentive plans, share compensation plans or any other such benefit programs for directors.

Currently, each director of the Corporation who is not a salaried officer or employee of the Corporation or its operating subsidiaries is entitled to an annual retainer fee of \$14,000. The Chairman of the Audit Committee is paid an additional annual retainer fee of \$8,000.

### **Compensation of Named Executive Officers ("NEOs")**

Compensation of NEOs is reviewed annually and determined by the Board. The level of compensation for NEOs is determined after consideration of various relevant factors, including the expected nature and quantity of duties and responsibilities, past performance, comparison with compensation paid by other issuers of comparable size and nature, and the availability of financial resources. In the Board's view, there is, and has been, no need for the Corporation to design or implement a formal compensation program for NEOs.

### **Elements of NEO Compensation**

#### *Salary*

The Corporation's CEO and CFO do not receive annual salaries due to the relatively small size of the Corporation, limited cash resources, and the stage and scope of the Corporation's operations. The Board does not currently have any plan in place to pay NEOs' salaries.

#### **Pension Plans**

No pension, retirement or deferred compensation plans, including defined contribution plans, have been instituted by the Corporation and none are proposed at this time.

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

No present or proposed director or officer and none of their respective associates or affiliates is or has been indebted to the Corporation at any time.

### **MANAGEMENT CONTRACTS**

During the year ended September 30, 2018, Genterra provided administrative services to the Corporation for fees of \$6,000. Fred A. Litwin, Stan Abramowitz and Mark I. Litwin are directors and/or officers of Genterra.

During the year ended September 30, 2018, the Corporation paid to Highroad fees of \$45,667 for the management by Highroad of the Corporation's solar energy generation operation which was located on the roof of one of Genterra's properties. Mark I. Litwin and Stan Abramowitz are officers and/or directors of Highroad.

### **INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS**

On July 4, 2018, the Company sold its solar energy operation to Highroad for gross proceeds of \$2,635,000. The proceeds were satisfied with a cash payment of \$577,030 and the assumption by Highroad of the loan payable to Genterra.

Up to July 4, 2018, the solar energy operation was located on the roof of one of Genterra's properties which was being rented by the Corporation from Genterra for \$52,813 per annum. During the year ended September 30, 2018, the Corporation paid Genterra \$40,178 of rent.

The Corporation had a Loan Payable to Genterra of \$2,057,970 which was due on August 1, 2019 and bearing interest at 4% per annum. On July 4, 2018, this loan was assumed by Highroad on the sale of the solar energy operation. During the year ended September 30, 2018, the Corporation paid to Genterra \$62,472 of interest under this Loan.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Corporation. The Board is committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to effective and efficient decision making. National Policy 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies.

The Corporation has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Corporation's practices do not comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Corporation at its current stage of development, and therefore these guidelines have not been adopted. National Instrument 58-101 *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices in Form 58-101F2 for Venture Issuers, which disclosure is set out below.

### Board of Directors

#### *Structure and Compensation*

The Board is currently composed of five (5) directors, being Fred A. Litwin, Stan Abramowitz, Mark E. Dawber, Alan Kornblum and Sol D. Nayman.

Form 58-101F2 suggests that the board of directors of every listed company should be constituted with a majority of individuals who qualify as "independent" directors under Multilateral Instrument 52-110 ("MI 52-110"), which provides that a director is independent if he or she has no direct or indirect "material relationship" with the Corporation. "Material relationship" is defined as a relationship which, in the view of the Corporation's Board of Directors, could be reasonably expected to interfere with the exercise of a director's independent judgment. The board of directors of the Corporation is constituted with a majority of "independent directors". Of the five (5) proposed nominees, only two (2), being Fred A. Litwin, Chairman of the Corporation, and Stan Abramowitz, Secretary and Chief Financial Officer of the Corporation, are "inside" or management directors, and accordingly are not considered "independent" within the meaning of MI 52-110. In assessing Form 58-101F2 and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors.

The quantity and quality of the Board compensation is reviewed on an annual basis. At present, the Board is satisfied that the current Board compensation arrangements adequately reflect the responsibilities and risks involved in being an effective director of the Corporation.

#### *Director Compensation Table*

The following table is a summary of compensation provided during the fiscal year ended September 30, 2018 to the Corporation's independent directors. Named Executive Officers do not receive any compensation for services as directors. Compensation received by Named Executive Officers is provided in the Summary of Compensation Table under Statement of Executive Compensation.

Name	Fees earned	Share-based awards	Option-based awards	Non-equity incentive plan compensation	Pension value	All other compensation	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Mark E. Dawber	\$22,000	Nil	Nil	Nil	Nil	Nil	\$22,000
Sol D. Nayman	\$14,000	Nil	Nil	Nil	Nil	Nil	\$14,000
Alan Kornblum	\$14,000	Nil	Nil	Nil	Nil	Nil	\$14,000

#### *Mandate of the Board*

The mandate of the Board, as prescribed by the *Business Corporations Act* (Ontario), is to manage or supervise the management of the business and affairs of the Corporation and to act with a view to the best interests of the Corporation. In doing so, the board oversees the management of the Corporation's affairs directly and through its audit committee and corporate governance committee. In fulfilling its mandate, the Board, among other matters, is responsible for reviewing and approving the Corporation's overall business strategies, reviewing and approving the forecast, reviewing and approving significant capital investments, reviewing major strategic initiatives to ensure that the Corporation's proposed actions accord with shareholder objectives, reviewing succession planning, assessing management's performance against approved business plans and industry standards, reviewing and approving the reports and other disclosure issued to shareholders, ensuring the effective operation of

the Board and safeguarding shareholders' equity interests through the optimum utilization of the Corporation's capital resources. The Board also takes responsibility for identifying the principal risks of the Corporation's business and for ensuring these risks are effectively monitored and mitigated to the extent reasonably practicable.

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

Each member of the Board understands that he is entitled to seek the advice of an independent expert if he reasonably considers it warranted under the circumstances.

While the Board has a separate Chairman, the positions of President and CEO are combined. The Board believes the Corporation is well serviced and the independence of the Board from management is not compromised by the combined role. The Board does not, and does not consider it necessary to have any formal structures or procedures in place to ensure that the Board can function independently of management. The Board believes that its current composition in which only two of five are or will be members of management, is sufficient to ensure that the Board can function independently of management.

#### *Nomination and Assessment*

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the President/CEO. The Board monitors, but does not formally assess, the performance of individual Board members or committee members.

The Board does not at present have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. Based on the Corporation's size, its stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time. The Board plans to continue evaluating its own effectiveness on an ad hoc basis. All directors are free to make suggestions on improvement of the board's practice at any time and are encouraged to do so. The current size of the Board is such that the entire Board takes responsibility for selecting new directors and assessing current directors. Proposed director's credentials are reviewed in advance of a Board Meeting with one or more members of the Board prior to the proposed director's nomination.

The Corporate Governance Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of prospective board members as well as the composition of the Board as a whole. This assessment will include member's contribution, qualification as independent, as well as consideration of diversity, age, skills and experience in the context of the needs of the Board.

New directors are provided with an information package about the Corporation and are briefed on strategic plans, short, medium and long-term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing corporation policies.

The skills and knowledge of the Board of Directors as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have over 105 years of collective experience in managing and maintaining operations of publicly traded companies. Board members are encouraged to take courses that will continue to update their knowledge of any changes in regulatory and reporting requirements, as well as communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. Board members have full access to the Corporation's records. Reference is made to the table under the heading "Election of Directors" for a description of the current principal occupations of the members of the Corporation's Board.

#### *Meetings of the Board*

The Board meets at least quarterly to review, among other things, the performance of the Corporation. The Board also holds a meeting each year to review and assess the Corporation's overall strategic objectives. Other meetings of the Board may be called to deal with special matters as circumstances require.

## **Ethical Business Conduct**

### *Business Conduct*

The Board has adopted and implemented policies regarding a Code of Business Conduct and Ethics, which the Corporation distributed to all of its directors, officers, employees, agents and representatives, including consultants. The objectives of this Code are summarized as follows:

### *Code of Business Conduct and Ethics:*

This Code states that all directors, officer, employees, agents and representatives, including consultants, of the Corporation must:

- obey applicable laws and regulations governing the Corporation's business conduct;
- avoid all conflicts of interest between work and personal affairs;
- refrain from insider trading;
- respect the rights of and deal fairly with the Corporation's customers, suppliers, competitors and employees, and not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing practice;
- avoid any discrimination or harassment against any group or individual, whether on the basis of race, colour, religion, national or ethnic origin, age, gender, sexual orientation, marital status, physical or mental disability, or on the basis of any other personal characteristics protected by law;
- strive to create a safe workplace and to protect the environment;
- promote honest and accurate recording and reporting of information in order to make responsible business decisions;
- maintain the confidentiality of confidential information;
- protect and preserve the Corporation's assets and ensure their efficient use;
- avoid giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business; and
- cooperate in internal investigations of misconduct.

### *Expectations of Management*

The Board expects management to operate the business of the Corporation in a manner that enhances shareholder value and is consistent with the highest level of integrity.

## **Committee Responsibilities and Activities**

The Corporation currently has two committees, being the Audit Committee and the Corporate Governance Committee. A summary of the responsibilities and activities and the membership of each of these Committees is set out below.

### ***The Audit Committee***

#### *The Audit Committee's Charter*

#### *Mandate*

The Audit Committee assists the Board in fulfilling its responsibilities relating to the Corporation's corporate accounting and reporting practices. The Audit Committee is responsible for ensuring that management has established appropriate processes for monitoring the Corporation's systems and procedures for financial reporting and controls, reviewing all financial information in disclosure documents, monitoring the performance and fees and expenses of the Corporation's external auditors and recommending external auditors for appointment by shareholders. The Audit Committee is also responsible for reviewing the Corporation's quarterly and annual financial statements prior to approval by the Board and release to the public. The Audit Committee also meets periodically with the Corporation's external auditors to discuss and review specific issues as appropriate.

In accordance with MI 52-110, the Corporation's Audit Committee established procedures for:

- (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
- (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.



The Corporation has implemented a “Whistleblower” Policy to satisfy the obligations under MI 52-110, as recommended by the Audit Committee. This Policy is available to all directors, officers, employees, consultants and contractors of the Corporation.

#### *Composition*

The Committee must be comprised of three directors as determined by the Board of Directors, all of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee. The Audit Committee is currently comprised of Mark E. Dawber, Alan Kornblum and Sol D. Nayman. The Audit Committee is comprised of “independent” directors as indicated under Multilateral Instrument 52-110.

All members of the Corporation’s Audit Committee are financially literate and have a working familiarity with basic finance and accounting practices. For the purposes of the Corporation’s Charter, the definition of “financially literate” is 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 presumably be expected to be raised by the Corporation’s financial statements.

The members of the Audit Committee are required to be appointed by the Board of Directors at its first meeting following the annual shareholders’ meeting. Unless a Chair is elected by the full Board of Directors, the members of the Audit Committee may designate a Chair by a majority vote of the full Committee membership.

#### *Meetings*

The Audit Committee meets quarterly, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee meets at least quarterly with the Chief Financial Officer (or individual acting in that capacity, if there is no such position) and the external auditors in separate sessions.

#### *Responsibilities and Duties*

To fulfill its responsibilities and duties, the Committee shall:

- (a) Review and update this Charter annually; and
- (b) Review the Corporation’s financial statements, MD&A and any annual and interim earnings, press releases before the Corporation publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

#### *External Auditors*

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Corporation;
- (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Corporation, consistent with Independence Standards Board Standard 1;
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors;
- (d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors;
- (e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval;
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Corporation’s accounting principles, internal controls and the completeness and accuracy of the Corporation’s financial statements; and

- (g) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.

#### *Financial Reporting Processes*

- (a) In consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external;
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting;
- (c) Consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management;
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments;
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements;
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented;
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters;
- (i) Review certification process; and
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

#### *Other*

The Committee also reviews any related-party transactions.

#### **Audit Committee Oversight**

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

#### **Reliance on Certain Exemptions**

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

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

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors".

## External Auditor Service Fees (By Category)

The aggregate estimated fees billed by the Corporation's external auditors in each of the last two fiscal periods for audit fees are as follows:

<i>Financial Period Ending</i>	<i>Audit Fees</i>	<i>Audit Related Fees</i>	<i>Tax Fees</i>	<i>All Other Fees</i>
September 30, 2018	\$18,500	\$1,850	Nil	Nil
September 30, 2017	\$19,000	\$2,010	Nil	Nil

### *Corporate Governance Committee*

The Board of Directors established a Corporate Governance Committee to monitor and implement the Corporation's corporate governance practices. This committee currently consists of Mark E. Dawber, Alan Kornblum and Sol D. Nayman. Upon the implementation of NI 58-101 and NP 58-201, the Corporate Governance Committee reviews the Corporation's corporate governance practices to determine how best to ensure continued compliance with the new guidelines.

### *Compensation Committee*

Management and the Board are of the opinion that the Corporation currently has no requirement for a Compensation Committee. However, if the size of the Board of Directors is increased and if the Corporation deems it necessary, a Compensation Committee will be appointed which will be comprised of unrelated directors. A Compensation Committee would be responsible for reviewing all overall compensation strategy, objectives and policies; annually reviewing and assessing the performance of the executive officers; recommending to the Board the compensation of the executive officers; reviewing executive appointments; and recommending the adequacy and form of directors' compensation.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Securityholders may request copies of the Corporation's Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations by emailing their requests to [ivy@forumfinancialcorp.com](mailto:ivy@forumfinancialcorp.com).

Financial information is provided in the Corporation's Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations for its most recently completed financial year.

## **OTHER MATTERS WHICH MAY COME BEFORE THE MEETING**

Management does not know of any matters to come before the Meeting other than as set forth in the Notice. However, if other matters which are not known to the management should properly come before the meeting, the accompanying proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy.

## **BOARD APPROVAL**

The contents and distribution of this Management Information Circular have been approved by the Corporation's Board of Directors.

*Signed "Mark I. Litwin"*

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**MARK I. LITWIN**  
**PRESIDENT & CHIEF EXECUTIVE OFFICER**

Toronto, Ontario  
January 17, 2019