

# **1040442 BC LTD.**

NOTICE OF ANNUAL GENERAL MEETING  
AND  
INFORMATION CIRCULAR

**May 12, 2017**

# 1040442 BC LTD.

Suite 1128, 789 West Pender Street  
Vancouver, BC, V6C 1H2

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## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD ON **JUNE 16, 2017**

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NOTICE IS HEREBY GIVEN that the **Annual General** meeting (the “**Meeting**”) of **1040442 BC LTD.** (the “**Company**”) will be held at Suite 1128, 789 West Pender Street, Vancouver, British Columbia, on **Friday, June 16, 2017 at 9:30 a.m.** (Vancouver time) for the following purposes:

1. to receive the audited financial statements of the Company for the financial year ended July 31, 2016, together with the auditor’s report thereon;
2. to fix number of directors at three (3);
3. to elect directors for the ensuing year;
4. to appoint Charlton & Company LLP., Chartered Accountant, as the Company’s auditor for the ensuing year, and to authorize the directors to fix the remuneration to be paid to the auditor;
5. to consider and, if thought fit, pass an ordinary resolution to affirm, ratify and approve the Company’s Stock Option Incentive Plan, which is more particularly described in the attached Information Circular at Part 3 – The Business of the Meeting – Approval of Stock Option Plan;
6. to transact such other business as may properly come before the Meeting or any adjournments thereof.

The accompanying management information circular (the “**Information Circular**”) provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice. Also accompanying this Notice are (i) Form of Proxy or Voting Instruction Form, and (ii) Financial Statement Request Form. Any adjournment of the Meeting will be held at a time and place to be specified at the Meeting.

Only shareholders of record at the close of business on **May 12, 2017**, will be entitled to receive notice of and vote at the Meeting. Shareholders who are unable to attend the Meeting are requested to complete, sign, date and return the enclosed form of proxy indicating your voting instructions. A proxy will not be valid unless it is deposited at the office of National Issuer Services Ltd., Suite 760 – 777 Hornby Street, Vancouver, B.C., V6Z 1S4, (Fax: (604) 559-8908, email: [info@transferagent.ca](mailto:info@transferagent.ca)) not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting or any adjournments thereof. If you are not a registered shareholder, please refer to the accompanying Information Circular for information on how to vote your shares.

**DATED** at Vancouver, British Columbia, this **12<sup>th</sup>** day of **May, 2017**.

BY ORDER OF THE BOARD OF DIRECTORS:

“Christopher Cherry”  
CHRISTOPHER P. CHERRY  
President & Chief Executive Officer

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
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| Registered shareholders unable to attend the Meeting are requested to date, sign and return their form of proxy in the enclosed envelope or to vote by telephone or using the internet in accordance with the instructions on the proxy form. If you are a non-registered shareholder of the Company and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or by the other intermediary. Failure to do so may result in your shares not being eligible to be voted by proxy at the Meeting. |
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# 1040442 BC LTD.

## INFORMATION CIRCULAR

The information contained in this Information Circular, unless otherwise indicated, is as of **May 12, 2017**.

**This Information Circular is being mailed by the management of 1040442 BC Ltd. (the “Company” or “1040442”) to shareholders of record at the close of business on May 12, 2017, which is the date that has been fixed by the directors of the Company as the record date to determine the shareholders who are entitled to receive notice of the meeting.** The Company is mailing this Information Circular in connection with the solicitation of proxies by and on behalf of the Company for use at its annual general meeting (the “**Meeting**”) of the shareholders that is to be held on **Friday, June 16 2017** at 9:00 a.m. (Vancouver time) at Suite 1128 - 789 West Pender Street, Vancouver, British Columbia, V6C 1H2. The solicitation of proxies will be primarily by mail. Certain employees or directors of the Company may also solicit proxies by telephone or in person. The cost of solicitation will be borne by the Company.

The Company is not relying on the “Notice and Access” delivery procedures outlined in NI 54-101 to distribute copies of proxy-related materials in connection with the Meeting by posting them on a website.

Under 1040442’s Articles, one shareholder present in person or represented by proxy is entitled to attend and vote at the Meeting. If such a quorum is not present in person or by proxy, the Meeting will be rescheduled.

## **PART 1 - VOTING**

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### **WHO CAN VOTE?**

If you are a registered shareholder of the Company as at **May 12, 2017**, you are entitled to notice of and to attend at the Meeting and cast a vote for each share registered in your name on all resolutions put before the Meeting. If the shares are registered in the name of a corporation, a duly authorized officer of the corporation may attend on its behalf, but documentation indicating such officer’s authority should be presented at the Meeting. If you are a registered shareholder but do not wish to, or cannot, attend the Meeting in person you can appoint someone who will attend the Meeting and act as your proxyholder to vote in accordance with your instructions (see “**Voting By Proxy**” below). If your shares are registered in the name of a “nominee” (usually a bank, trust company, securities dealer, financial institution or other intermediary) you should refer to the section entitled “**Non-registered Shareholders**” set out below.

It is important that your shares be represented at the Meeting regardless of the number of shares you hold. If you will not be attending the Meeting in person, we invite you to complete, date, sign and return your form of proxy as soon as possible so that your shares will be represented.

### **VOTING BY PROXY**

**If you do not come to the Meeting, you can still make your votes count by appointing someone who will be there to act as your proxyholder. You can either tell that person how you want to vote or you can let him or her decide for you. You can do this by completing a form of proxy.**

**In order to be valid, you must return the completed form of proxy to the Company’s transfer agent, National Issuer Services Ltd., Suite 760 – 777 Hornby Street, Vancouver, B.C., V6Z 1S4, (Fax: (604) 559-8908, email: [info@transferagent.ca](mailto:info@transferagent.ca)) not later than 48 hours, excluding**

**Saturdays, Sundays and holidays, prior to the time fixed for the Meeting or any adjournments thereof.**

#### *What Is A Proxy?*

A form of proxy is a document that authorizes someone to attend the Meeting and cast your votes for you. We have enclosed a form of proxy with this Information Circular. You should use it to appoint a proxyholder, although you can also use any other legal form of proxy.

#### *Appointing A Proxyholder*

**You can choose any individual to be your proxyholder.** It is not necessary for the person whom you choose to be a shareholder. To make such an appointment, simply fill in the person's name in the blank space provided in the enclosed form of proxy. To vote your shares, your proxyholder must attend the Meeting. If you do not fill a name in the blank space in the enclosed form of proxy, the persons named in the form of proxy are appointed to act as your proxyholder (the "**Management Proxyholders**"). Those persons are directors, officers or other authorized representatives of the Company.

#### *Instructing Your Proxy*

You may indicate on your form of proxy how you wish your proxyholder to vote your shares. To do this, simply mark the appropriate boxes on the form of proxy. If you do this, your proxyholder must vote your shares in accordance with the instructions you have given.

**If you do not give any instructions as to how to vote on a particular issue to be decided at the Meeting, your proxyholder can vote your shares as he or she thinks fit. If you have appointed the persons designated in the form of proxy as your proxyholder they will, unless you give contrary instructions, vote your shares IN FAVOUR of each of the items of business being considered at the Meeting.**

For more information about these matters, see Part 3 - The Business of the Meeting. **The enclosed form of proxy gives the persons named on it the authority to use their discretion in voting on amendments or variations to matters identified in the Notice of Meeting.** At the time of printing this Information Circular, the management of the Company is not aware of any other matter to be presented for action at the Meeting. If, however, other matters do properly come before the Meeting, the persons named on the enclosed form of proxy will vote on them in accordance with their best judgment, pursuant to the discretionary authority conferred by the form of proxy with respect to such matters.

#### *Changing Your Mind*

If you want to revoke your proxy after you have delivered it, you can do so at any time before it is used. You may do this by (a) attending the Meeting and voting in person; (b) signing a proxy bearing a later date; (c) signing a written statement which indicates, clearly, that you want to revoke your proxy and delivering this signed written statement to the Company at Suite 1128, 789 West Pender Street, Vancouver, BC, V6C 1H2; or (d) in any other manner permitted by law.

Your proxy will only be revoked if a revocation is received by 4:00 p.m. in the afternoon (Vancouver time) on the last business day before the day of the Meeting, or any adjournment thereof, or delivered to the person presiding at the Meeting before it (or any adjournment) commences. If you revoke your proxy and do not replace it with another that is deposited with us before the deadline, you can still vote your shares but to do so you must attend the Meeting in person. **Only registered shareholders may revoke a proxy. If your shares are not registered in your own name and you wish to change your vote, you must arrange for your nominee to revoke your proxy on your behalf (see below under "Non-Registered Shareholders").**

## REGISTERED SHAREHOLDERS

Registered Shareholders may wish to vote by Proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a Proxy may do so by completing, dating and signing the enclosed form of Proxy and returning it to the Company's transfer agent, National Issuer Services Ltd. ("**National Issuer Services**"), by:

- (a) mail or by hand to Suite 760 - 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4;
- (b) facsimile to 604-559-8908; or
- (c) email to [info@transferagent.ca](mailto:info@transferagent.ca)

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

## NON-REGISTERED SHAREHOLDERS

Only registered holders of common shares or the persons they appoint as their proxyholders are permitted to vote at the Meeting. In many cases, however, common shares 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. Intermediaries include banks, trust companies securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; OR
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (CDS)) of which the Intermediary is a participant.

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Company are referred to as "**NOBOs**". Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about themselves to the Company are referred to as "**OBOs**".

Pursuant to National Instrument 54-101 ("**NI 54-101**") of the Canadian Securities Administrators, the Company has distributed copies of proxy-related materials in connection with this Meeting (including this Information Circular) indirectly or directly to the NOBOs and to the Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries that receive the proxy-related materials are required to forward the proxy-related materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Intermediaries often use service companies to forward the proxy-related materials to Non-Registered Holders.

The Company will not be paying for Intermediaries to deliver to OBOs (who have not otherwise waived their right to receive proxy-related materials) copies of the proxy-related materials and related documents. Accordingly, an OBO will not receive copies of the proxy-related materials and related documents unless the OBO's Intermediary assumes the costs of delivery.

Generally, Non-Registered Holders who have not waived the right to receive proxy-related materials (including OBOs who have made the necessary arrangements with their Intermediary for the payment of delivery and receipt of such proxy-related materials) will be sent a voting instruction form which must be completed, signed and returned by the Non-Registered Holder in accordance with the Intermediary's directions on the voting instruction form. In some cases, such Non-Registered Holders will instead 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 not completed. This form of proxy does not need to be signed by the Non-Registered Holder, but, to be used at the Meeting,

needs to be properly completed and deposited with Computershare as described under “**Voting By Proxy**” above.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares that they beneficially own. Should a Non-Registered Holder 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 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.

**Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies, including instructions regarding when and where the voting instruction form or Proxy form is to be delivered.**

## **PART 2 - VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

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The authorized capital of the Company consists of an unlimited number of common shares without par value. At the close of business on **May 12, 2017, 396,601** common shares were issued and outstanding. Each shareholder is entitled to one vote for each common share registered in his or her name at the close of business on **May 12, 2017**, the date fixed by the Company’s directors as the record date for determining who is entitled to receive notice of and to vote at the Meeting.

On a show of hands, every individual who is present and is entitled to vote as a shareholder or as a representative of one or more corporate shareholders will have one vote, and on a poll every shareholder present in person or represented by a Proxy and every person who is a representative of one or more corporate shareholders, will have one vote for each Common Share registered in that shareholder’s name on the list of shareholders as at the Record Date, which is available for inspection during normal business hours at National Issuer Services and will be available at the Meeting.

To the best knowledge of the Company’s directors or executive officers, only the following persons or companies beneficially own, directly or indirectly, or exercise control or direction over, common shares carrying more than 10% of the voting rights attached to all outstanding common shares of the Company:

| <b>Name of Shareholder</b> | <b>Number of Shares beneficially owned, or controlled or directed, directly or indirectly</b> | <b>Percentage of Issued and Outstanding Shares<sup>(1)</sup></b> |
|----------------------------|-----------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| Elaine Foo                 | 270,000                                                                                       | 68.18%                                                           |

**NOTES:**

<sup>(1)</sup> Based on 396,601 common shares issued and outstanding as at Record Date.

## **PART 3 - THE BUSINESS OF THE MEETING**

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

### **FINANCIAL STATEMENTS**

The audited financial statements of the Company for the financial year ended July 31, 2016 will be placed before you at the Meeting. They have been mailed to the shareholders who have requested they receive a copy of same together with the Notice of Meeting and this Information Circular.

These audited financial statements are available at [www.sedar.com](http://www.sedar.com).

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations* and National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*, both of the Canadian Securities Administrators, a person or corporation who in the future wishes to receive annual and interim financial statements from Gorilla Minerals must deliver a written request for such material to Gorilla Minerals. Shareholders who wish to receive annual and interim financial statements are encouraged to complete the appropriate section on the Request form attached to this Information Circular and send it to the Transfer Agent.

## **ELECTION OF DIRECTORS**

### *Number of Directors*

Directors of the Company are elected for a term of one year. The term of office of each of the nominees proposed for election as a director will expire at the Meeting, and each of them, if elected, will serve until the close of the next annual general meeting, unless he resigns or otherwise vacates office before that time. Under the Company's Articles and pursuant to the *British Columbia Business Corporations Act*, the number of directors may be set by ordinary resolution but shall not be fewer than three. The Company currently has **one (1)** directors. The **one (1)** current directors and **two (2)** proposed directors are being put forward by management of the Company for election at the Meeting.

**The Company's management recommends that the shareholders vote in favour of the resolution setting the number of directors at three (3). Unless you give other instructions, the Management Proxyholders intend to vote FOR the resolution setting the number of directors at three (3).**

### *Nominees for Election*

The following are the nominees proposed for election as directors of the Company together with the number of common shares, stock options and common share purchase warrants that are beneficially owned, directly or indirectly, or over which control or direction is exercised, by each nominee. Each of the nominees has agreed to stand for election and management of the Company is not aware of any intention of any of them not to do so. If, however, one or more of them should become unable to stand for election, it is likely that one or more other persons would be nominated at the Meeting for election and, in that event, the persons designated in the form of proxy will vote in their discretion for a substitute nominee.

The Company's articles include an advance notice requirement for nominations by shareholders in certain circumstances. The advance notice requirement fixes a deadline by which holders of record of common shares must submit director nominations to the Secretary of the Company prior to any annual meeting of shareholders (or any special meeting of shareholders if one of the purposes for which the special meeting is called is the election of one or more directors) and sets forth the specific information that a nominating shareholder must include in the written notice to the Secretary of the Company for a nomination to be valid. The deadline to submit nominations is May 16<sup>th</sup>, 2017. Management's nominees for election as directors are set forth below. A copy of the Company's articles which includes the advance notice policy, may be obtained under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

| Name and place of residence                                                                                      | Principal occupation                                                                                                                                                                                                                                                                                       | Director since | Number of shares <sup>(1)</sup> | Number of Convertible Securities |
|------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------------------------|----------------------------------|
| <b>Christopher P. Cherry<sup>(2)</sup></b><br>British Columbia, Canada<br><i>President CEO, CFO and Director</i> | Principal of Cherry Consulting Ltd. since May, 2013; Corporate Controller of iO Corporate Services Ltd. from August, 2007 to May, 2013; Senior Auditor at Davidson & Company LLP from November, 2004 to August, 2007.                                                                                      | June 19, 2015  | 10,000                          | 0<br>options<br>0<br>warrants    |
| <b>Eugene Beukman</b><br>North Vancouver, B.C.<br><i>Proposed Nominee</i>                                        | Corporate consultant to public companies since January 1994; director and/or officer of several reporting companies listed on the TSX Venture Exchange and the Canadian Securities Exchange; President/owner of Pender Street Corporate Consulting since 2006.                                             | Proposed       | NIL                             | 0<br>options<br>0<br>warrants    |
| <b>Theo van der Linde</b><br>North Vancouver, B.C.<br><i>Proposed Nominee</i>                                    | Chartered Accountant with 17 years finance, administration and public accounting experience in oil & gas, mining, financial services, manufacturing and retail industries. Extensive experience with junior exploration (mining and oil & gas) and producing mining companies at various stages of growth. | Proposed       | NIL                             | 0<br>options<br>0<br>warrants    |

**NOTES:**

<sup>(2)</sup> Information as to ownership of the Company's shares has been taken from the list of registered shareholders maintained by the Company's transfer agent or has been provided by the individual.

<sup>(3)</sup> Member of the Audit Committee.

The Company's management recommends that the shareholders vote in favour of the election of the proposed nominees as directors of the Company for the ensuing year. **Unless you give instructions otherwise, the Management Proxyholders intend to vote FOR the nominees named in this Information Circular.**

**APPOINTMENT OF THE AUDITOR**

At the Meeting, Charlton & Company, Chartered Accountant, located at Suite 1735 – 555 Burrard Street, Vancouver, B.C., V7X 1M9, will be recommended by management and the Board of Directors for re-appointment as auditor of the Company at a remuneration to be fixed by the directors. See Part 5 – Audit Committee – External Auditor Service Fees.

The Company's management recommends that the shareholders vote in favour of the appointment of Charlton & Company, Chartered Accountant, as the Company's auditor for the ensuing year and grant the Board of Directors the authority to determine the remuneration to be paid to the auditor. **Unless you give instructions otherwise, the Management Proxyholders intend to vote FOR the appointment of Charlton & Company, Chartered Accountant, to act as the Company's auditor until the close of its next annual general meeting and also intend to vote FOR the proposed resolution to authorize the Board of Directors to fix the remuneration to be paid to the auditor.**



## **APPROVAL OF STOCK OPTION INCENTIVE PLAN**

On **May 11, 2017**, the Board approved the adoption of a stock option plan (the “**Plan**”). The Plan is a 10% maximum rolling plan. Options granted under the Plan are not exercisable for a period longer than 10 years and the exercise price must be paid in full upon exercise of the option.

The continuation of the Plan requires annual shareholder approval at each annual meeting of the Company by ordinary resolution. The Board is of the view that the Plan provides the Company with the flexibility to attract and maintain the services of executives, employees and other service providers in compensation with other companies in the industry.

The Plan was established to provide incentive to directors, officers and employees and consultants. As a 10% rolling plan, the aggregate number of common shares issuable as options under the Plan may be up to 10% of the Company’s issued and outstanding common shares on the date on which an option is granted, less common shares reserved for issuance on exercise of options then outstanding under the Plan. The purpose of the Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of common shares of the Company. The Plan is administered by the Board and options are granted at the discretion of the Board to eligible optionees (an “**Optionee**”).

### ***Eligible Optionees***

To be eligible to receive a grant of options under the Plan, regulatory authorities require an Optionee to be either a director, officer, employee, consultant or an employee of a company providing management or other services to the Company or a subsidiary at the time the option is granted.

Options may be granted only to an individual eligible, or to a non-individual that is wholly-owned by individuals eligible, for an option grant. If the option is granted to a non-individual, it will not permit any transfer of its securities, nor issue further securities, to any individual or other entity as long as the option remains in effect.

### ***Restrictions***

The Plan is subject to the following restrictions:

- (a) The Company must not grant an option to a director, employee, consultant, or consultant company (the “**Service Provider**”) in any 12-month period that exceeds 5% of the outstanding common shares of the Company, unless the Company has obtained approval by a majority of the Disinterested Shareholders (defined below) of the Company;
- (b) The aggregate number of options granted to a Service Provider conducting investor relations activities in any 12 month period must not exceed 1% of the outstanding shares calculated at the date of the grant, without prior regulatory approval;
- (c) The Company must not grant an option to a Consultant in any 12 month period that exceeds 1% of the outstanding shares calculated at the date of the grant of the option;
- (d) The aggregate number of common shares reserved for issuance under options granted to Insiders (defined below) must not exceed 10% of the outstanding shares (in the event that the Plan is amended to reserve for issuance more than 10% of the outstanding shares) unless the Company has obtained Disinterested Shareholder Approval to do so;
- (e) The number of optioned shares issued to Insiders in any 12 month period must not exceed 10% of the outstanding shares (in the event that the Plan is amended to reserve for issuance more than 10% of the outstanding shares) unless the Company has obtained Disinterested Shareholder Approval to do so;

- (f) The issuance to any one Optionee within a 12 month period of a number of common shares must not exceed 5% of outstanding shares unless the Company has obtained Disinterested Shareholder Approval to do so;
- (g) The exercise price of an option previously granted to an Insider must not be reduced, unless the Company has obtained Disinterested Shareholder Approval to do so; and
- (h) The Company may implement such procedures and conditions as the Board deems appropriate with respect to withholding and remitting taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law.

### **Definitions**

**“Disinterested Shareholder Approval”** means the approval by a majority of the votes cast by all shareholders of the Company at the Meeting excluding votes attached to listed common shares beneficially owned by Insiders (defined below) of the Company and Associates (as defined in the British Columbia *Securities Act*) of Insiders.

An **“Insider”** is a director, or senior officer of the Company, a director or senior officer of a company that is an Insider or subsidiary of the Company, or a person that beneficially owns or controls, directly or indirectly, voting common shares carrying more than 10% of the voting rights attached to all outstanding voting common shares of the Company.

### **Material Terms of the Plan**

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

- (a) persons who are Service Providers to the Company or its affiliates, or who are providing services to the Company or its affiliates, are eligible to receive grants of options under the Plan;
- (b) all options granted under the Plan expire on a date not later than 10 years after the issuance of such options. However, should the expiry date for an option fall within a trading Blackout Period (as defined in the Plan, generally meaning circumstances where sensitive negotiations or other like information is not yet public), within 9 business days following the expiration of a Blackout Period;
- (c) for options granted to Service Providers, the Company must ensure that the proposed Optionee is a bona fide Service Provider of the Company or its affiliates;
- (d) an Option granted to any Service Provider will expire within 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option), after the date the Optionee ceases to be employed by or provide services to the Company, but only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or to provide services to the Company;
- (e) if an Optionee dies, any vested option held by him or her at the date of death will become exercisable by the Optionee’s lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such option;
- (f) in the case of an Optionee being dismissed from employment or service for cause, such Optionee’s options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same;
- (g) the exercise price of each option will be set by the Board on the effective date of the option and will not be less than the Discounted Market Price (as defined in the Plan);

- (h) vesting of options shall be at the discretion of the Board, and will generally be subject to: (i) the Service Provider remaining employed by or continuing to provide services to the Company or its affiliates, as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or its affiliates during the vesting period; or (ii) the Service Provider remaining as a Director of the Company or its affiliates during the vesting period;
- (i) in the event of a take over bid being made to the shareholders generally, immediately upon receipt of the notice of the take over bid, the Company shall notify each Optionee currently holding any Options, of the full particulars of the take over bid, and all outstanding options may, notwithstanding the vesting terms contained in the Plan or any vesting requirements subject to regulatory approval; and
- (j) the Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the Plan with respect to all Plan shares in respect of options which have not yet been granted under the Plan.

The Board has determined that, in order to reasonably protect the rights of participants, as a matter of administration, it is necessary to clarify when amendments to the Plan may be made by the Board without further shareholder approval. Accordingly, the Board proposes that the Plan also provide the following:

The Board may, without shareholder approval:

- (i) amend the Plan to correct typographical, grammatical or clerical errors;
- (ii) change the vesting provisions of an option granted under the Plan, if applicable;
- (iii) change the termination provision of an option granted under the Plan if it does not entail an extension beyond the original expiry date of such option;
- (iv) make such amendments to the Plan as are necessary or desirable to reflect changes to securities laws applicable to the Company;
- (v) make such amendments as may otherwise be permitted by regulatory authorities;
- (vi) if the Company becomes listed or quoted on a stock exchange or stock market senior to the Canadian Securities Exchange, make such amendments as may be required by the policies of such senior stock exchange or stock market; and
- (vii) amend the Plan to reduce the benefits that may be granted to Service Providers.

### ***Shareholder Approval***

At the Meeting, Shareholders will be asked to consider and vote on the ordinary resolution to approve the Plan, with or without variation, as follows:

“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT the Company’s Stock Option Plan dated **May 11, 2017**, be ratified, confirmed and approved until the next annual meeting of the Company, as the directors of the Company may deem necessary or advisable.”

An ordinary resolution is a resolution passed by the shareholders of the Company at a general meeting by a simple majority of the votes cast in person or by proxy.

A copy of the Plan will be available for inspection at the Meeting.

### ***Recommendation***

**Management and the Board of Directors of the Company believe the Company’s Stock Option Plan will enable the Company to better align the interests of its directors, management,**

employees and consultants with those of its shareholders and reduce the cash compensation the Company would otherwise have to pay. The Company's management and the Board of Directors recommend that shareholders vote FOR the resolution approving implementation of the Stock Option Plan. Unless you give instructions otherwise, the Management Proxyholders intend to vote FOR the resolution to increase the number of shares reserved for issuance under the Company's Stock Option Plan.

## **PART 4 – EXECUTIVE COMPENSATION**

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### **GENERAL**

For the purpose of this Statement of Executive Compensation:

**"Company"** means 1040442 BC Ltd.;

**"compensation securities"** includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries;

**"external management company"** includes a subsidiary, affiliate or associate of the external management company;

**"NEO" or "named executive officer"** means each of the following individuals:

- (a) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer ("**CEO**"), including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief financial officer ("**CFO**"), including an individual performing functions similar to a CFO;
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year;

### **DIRECTOR AND NEO COMPENSATION**

#### ***Director and NEO compensation, excluding options and compensation securities***

The following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company or its subsidiary, to each NEO and director of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or a director of the Company for services provided and for services to be provided, directly or indirectly, to the Company or its subsidiary.

| Table of compensation excluding compensation securities                         |                    |                                                     |            |                                |                           |                                      |                         |
|---------------------------------------------------------------------------------|--------------------|-----------------------------------------------------|------------|--------------------------------|---------------------------|--------------------------------------|-------------------------|
| Name and position                                                               | Year Ended July 31 | Salary, consulting fee, retainer or commission (\$) | Bonus (\$) | Committee or meeting fees (\$) | Value of perquisites (\$) | Value of all other compensation (\$) | Total compensation (\$) |
| <b>Christopher Cherry<sup>(1)</sup></b><br><i>President, CEO &amp; Director</i> | 2016               | Nil                                                 | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
|                                                                                 | 2015               | Nil                                                 | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
| <b>Robert Dzisiak<sup>(2)</sup></b><br><i>Former CFO &amp; Former Director</i>  | 2016               | Nil                                                 | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
|                                                                                 | 2015               | Nil                                                 | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
| <b>Paul Chow<sup>(3)</sup></b><br><i>Former Director</i>                        | 2016               | Nil                                                 | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
|                                                                                 | 2015               | Nil                                                 | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
| <b>Stephen Brohman<sup>(4)</sup></b><br><i>Former Director</i>                  | 2016               | Nil                                                 | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
|                                                                                 | 2015               | Nil                                                 | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |

**NOTES:**

- (1) Christopher P. Cherry was appointed President effective June 19, 2015, CEO and CFO effective October 25 2015.
- (2) Robert Dzisiak was appointed Director on October 29, 2015 until March 17, 2017
- (3) Paul Chow was appointed Director on February 16, 2017 until March 17, 2017.
- (4) Stephen Brohman was appointed Director on October 29, 2015 until September 13, 2016.

**Stock Options and Other Compensation Securities**

The Company did not grant or issue any compensation securities to any director or NEO during the financial year ended July 31, 2016. No compensation securities were outstanding as at July 31, 2016.

| Compensation Securities                                               |                               |                                                                                             |                        |                                          |                                                                        |                                                                   |             |
|-----------------------------------------------------------------------|-------------------------------|---------------------------------------------------------------------------------------------|------------------------|------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------|-------------|
| Name and position                                                     | Type of compensation security | Number of compensation securities, number of underlying securities, and percentage of class | Date of issue or grant | Issue, conversion or exercise price (\$) | Closing price of security or underlying security on date of grant (\$) | Closing price of security or underlying security at year end (\$) | Expiry date |
| <b>Christopher Cherry,</b><br><i>President<br/>CEO &amp; Director</i> | N/A                           | Nil                                                                                         | N/A                    | N/A                                      | N/A                                                                    | N/A                                                               | N/A         |
| <b>Robert Dzisiak,</b><br><i>Former Director</i>                      | N/A                           | Nil                                                                                         | N/A                    | N/A                                      | N/A                                                                    | N/A                                                               | N/A         |
| <b>Paul Chow,</b><br><i>Former Director</i>                           | N/A                           | Nil                                                                                         | N/A                    | N/A                                      | N/A                                                                    | N/A                                                               | N/A         |

|                                           |     |     |     |     |     |     |     |
|-------------------------------------------|-----|-----|-----|-----|-----|-----|-----|
| <b>Stephen Broman,</b><br>Former Director | N/A | Nil | N/A | N/A | N/A | N/A | N/A |
|-------------------------------------------|-----|-----|-----|-----|-----|-----|-----|

### ***Exercise of Compensation Securities by Directors and NEOs***

There were no compensation securities exercised by a director or NEO during the financial year ended July 31, 2016.

| <b>Exercise of Compensation Securities by Directors and NEOs</b> |                                      |                                                  |                                         |                         |                                                            |                                                                                     |                                          |
|------------------------------------------------------------------|--------------------------------------|--------------------------------------------------|-----------------------------------------|-------------------------|------------------------------------------------------------|-------------------------------------------------------------------------------------|------------------------------------------|
| <b>Name and position</b>                                         | <b>Type of compensation security</b> | <b>Number of underlying securities exercised</b> | <b>Exercise price per security (\$)</b> | <b>Date of exercise</b> | <b>Closing price per security on date of exercise (\$)</b> | <b>Difference between exercise price and closing price on date of exercise (\$)</b> | <b>Total value on exercise date (\$)</b> |
| <b>Christopher Cherry,</b><br>President<br>CEO &<br>Director     | N/A                                  | Nil                                              | N/A                                     | N/A                     | N/A                                                        | N/A                                                                                 | N/A                                      |
| <b>Robert Dzisiak,</b><br>Director                               | N/A                                  | Nil                                              | N/A                                     | N/A                     | N/A                                                        | N/A                                                                                 | N/A                                      |
| <b>Paul Chow,</b><br>Director                                    | N/A                                  | Nil                                              | N/A                                     | N/A                     | N/A                                                        | N/A                                                                                 | N/A                                      |
| <b>Stephen Brohman,</b><br>Director                              | N/A                                  | Nil                                              | N/A                                     | N/A                     | N/A                                                        | N/A                                                                                 | N/A                                      |

### ***Stock Option Plans and Other Incentive Plans***

The Company does not have a stock option plan. The Company is seeking shareholder approval to adopt a Plan. See Part 3 – The Business of the Meeting – Approval of Stock Option Incentive Plan.

### ***Employment, consulting and management agreements***

Except as disclosed above under “External Management Companies”, the Company does not have any employment, consulting or management agreements or arrangements with any of the Company’s current NEOs or directors.

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

Company does not have a compensation plan, contract, or arrangement where an NEO is entitled to receive more than \$50,000 to compensate such executive officers in connection with any termination (whether voluntary, involuntary or constructive), resignation or retirement, or as a result of a change in control of the Company or a change in the NEOs responsibilities.

### ***Oversight and description of director and named executive officer compensation***

The Company does not have a formal compensation program. The Board is responsible for ensuring that the Company has in place an appropriate plan for executive compensation and for making recommendations with respect to the compensation of the Company’s executive officers. The Board is responsible for all matters relating to the compensation of the directors and executive officers of the Company with respect to: (i) general compensation goals and guidelines and the criteria by which bonuses and stock compensation awards are determined; (ii) amendments to any equity compensation plans adopted by the Board and changes in the number of shares reserved for

issuance thereunder; and (iii) other plans that are proposed for adoption or adopted by the Company for the provision of compensation. The general objectives of the Company's compensation strategy are to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; (c) provide a compensation package that is commensurate with other diversified industry companies to enable the Company to attract and retain talent; and (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is a diversified industry company without a history of earnings.

### ***Pension disclosure***

The Company does not have any pension, defined benefit, defined contribution or deferred compensation plans in place.

## **PART 5 - AUDIT COMMITTEE**

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National Instrument 52-110 *Audit Committees* ("NI 52-110") requires the Company, as a venture issuer to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following:

### **AUDIT COMMITTEE CHARTER**

The text of the Company's Audit Committee Charter is attached as **Schedule "A"** to this Information Circular.

### **COMPOSITION OF AUDIT COMMITTEE**

Messrs. Cherry (Chair) and Dzisiak are members of the Company's Audit Committee. Christopher P. Cherry is an executive officer of the Company and is not considered independent. Robert M. Dzisiak is not an executive officer of the Company and, therefore, is an independent member of the Audit Committee. A member of the audit committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Company's Board, reasonably interfere with the exercise of a member's independent judgment.

It is proposed that Mr. Beukman and Mr. van der Linde, if elected to the board, will be appointed as members of the Audit Committee.

All members are considered to be financially literate. All of the Audit Committee members have the ability to read and understand 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 reasonably be expected to be raised by the Company's financial statements.

### **RELEVANT EDUCATION AND EXPERIENCE**

All of the Audit Committee members are senior-level businesspeople with experience in financial matters; each has an understanding of accounting principles used by the Company to prepare financial statements and varied experience as to general application of such accounting principles, as well as the internal controls and procedures necessary for financial reporting, garnered from working in their individual fields of endeavour. In addition, each of the members of the Audit Committee have knowledge of the role of an audit committee in the realm of reporting companies from their years of experience as directors of public companies other than the Company. See Part 6 - Corporate Governance – Directorships in Other Public Companies.

#### ***Christopher P. Cherry***

Mr. Cherry has over 15 years of corporate accounting and audit experience. Mr. Cherry has extensive corporate experience and has held senior level positions for several public companies

including Director, CFO, and Secretary. Mr. Cherry has been a Chartered Accountant since February 2009 and a Certified General Accountant since 2004. In his former experience as an auditor, he held positions with KPMG and Davidson and Co. LLP in Vancouver, where he gained experience as an auditor for junior public companies, and as an IPO specialist.

*Robert M. Dzisiak*

Mr. Dzisiak has spent most of his career starting and operating several Canadian based commodity trading firms and publicly listed companies. He recently established R.J. O'Brien & Associates Canada Inc., an IIROC member firm in Canada. He was the past President and CEO of CFG Canada which he started as a branch office of LFG, LLC in 1994. CFG was subsequently sold to Refco Canada where he served as President of Retail Operations until 2006. Mr. Dzisiak has a Master's degree in Agricultural Economics and started his career as a consultant with Wharton Econometrics in Philadelphia. He subsequently worked in strategic planning for UGG and was the Canadian VP of Operations for Benson Quinn Co. Mr. Dzisiak is a past Chairman of the Winnipeg Commodity Exchange where he also served as a director of the Winnipeg Commodity Exchange Clearing Corporation. He has significant experience in the public markets where he founded and has been an officer/ director of several Canadian listed companies.

*Eugene Beukman*

Mr. Beukman graduated from Rand University of Johannesburg, South Africa, with a Bachelor of Law degree and a Bachelor of Law Honours Postgraduate degree in 1987. From 1987 until December 1993, when he moved to Vancouver, British Columbia, Mr. Beukman was employed as a legal advisor to the predecessor of BHP Billiton. He has over twenty (20) years experience in the acquisition of assets and joint ventures. Mr. Beukman is also an Admitted Advocate of the Supreme Court of South Africa. He also serves as an audit committee member for a number of other public companies.

*Theo van der Linde*

Mr. van der Linde graduated from Pretoria University. Mr. van der Linde is a Chartered Accountant with 17 years finance, administration and public accounting experience in oil & gas, mining, financial services, manufacturing and retail industries. Extensive experience with junior exploration (mining and oil & gas) and producing mining companies at various stages of growth. He has worked on projects in Africa, Peru, United Kingdom and the United States.

## **AUDIT COMMITTEE OVERSIGHT**

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit 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 Company's most recently completed financial year ended **July 31, 2016** has the Company relied on the exemption in Section 2.4 of National Instrument 52-110 - *Audit Committees (De Minimis Non-audit Services)*, or an exemption from National Instrument 52-110, in whole or in part, granted under Part 8 of National Instrument 52-110.

As the Company is a "Venture Issuer" pursuant to relevant securities legislation, the Company is relying on the exemption in Section 6.1 of National Instrument 52-110 - *Audit Committees*, from the requirement of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of National Instrument 52-110.



## PRE-APPROVAL POLICIES AND PROCEDURES FOR NON-AUDIT SERVICES

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Company's Audit Committee Charter attached as **Schedule "A"** to this Information Circular.

### EXTERNAL AUDITOR SERVICE FEES

In the following table, "Audit Fees" are fees billed by the Company's external auditors for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related Fees" are fees not included in audit fees that are billed by the auditors for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. "Tax Fees" are billed by the auditors for professional services rendered for tax compliance, tax advice and tax planning. "All Other Fees" are fees billed by the auditors for products and services not included in the foregoing categories.

The fees paid by the Company to its auditors in each of the last two financial years, by category, are as follows:

|                                                                | <i>Financial Year<br/>Ending July 31</i> | <i>Audit<br/>Fees</i> | <i>Audit-related<br/>Fees</i> | <i>Tax<br/>Fees</i> | <i>All Other<br/>Fees</i> |
|----------------------------------------------------------------|------------------------------------------|-----------------------|-------------------------------|---------------------|---------------------------|
| Charlton & Company LLP,<br>Chartered Accountant <sup>(1)</sup> | 2016<br>2015 <sup>(2)</sup>              | \$2,500<br>\$2,000    | \$Nil<br>\$Nil                | \$Nil<br>\$Nil      | \$Nil<br>\$Nil            |

#### NOTES:

<sup>(1)</sup> Charlton & Company LLP., Chartered Accountant was appointed as the Company's auditor effective June 19, 2015.

<sup>(2)</sup> The Company was incorporate on June 19, 2015.

## PART 6 - CORPORATE GOVERNANCE

### GENERAL

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

National Policy 58-201 - *Corporate Governance Guidelines* provides non-prescriptive guidelines on corporate governance practices for reporting companies such as the Company. In addition, National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101") prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

### COMPOSITION OF THE BOARD OF DIRECTORS

The Company's board of directors facilitates its exercise of independent supervision over management by ensuring that the board is composed of at least one director that is independent of management. The board, at present, is composed of two (2) directors, one (1) of whom is not an executive officer of the Company and is considered to be "independent", as that term is defined in applicable securities legislation. Mr. Dzisiak is considered to be independent. Mr. Cherry is not considered independent by reason of his office as President, Chief Executive Officer and Chief Financial Officer of the Company. In determining whether a director is independent, the board

chiefly considers whether the director has a relationship which could, or could be perceived to interfere with the director's ability to objectively assess the performance of management.

The board is responsible for approving long-term strategic plans and annual operating plans and budgets recommended by management. Board consideration and approval is also required for material contracts and business transactions, and all debt and equity financing transactions.

The board delegates to management responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company's business in the ordinary course, managing the Company's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans and annual operating plans.

#### **DIRECTORSHIPS IN OTHER PUBLIC COMPANIES**

Certain of the board nominees are also directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:

| <b>Name of Director</b> | <b>Other reporting issuer (or equivalent in a foreign jurisdiction)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Christopher P. Cherry   | 1040440 BC Ltd.<br>1040426 BC Ltd.<br>1040443 BC Ltd.<br>Amador Gold Corp.<br>Blind Creek Resources Ltd.<br>Columbus Energy Limited<br>Clydesdale Resources Inc.<br>Curlew Lake Resources Inc.<br>Essex Angel Capital Inc.<br>Genix Pharmaceutical Corp.<br>Duport Capital Ltd.<br>Golden Cariboo Resources Ltd.<br>Harvest Gold Corporation<br>Klondike Silver Corp.<br>Mexivada Mining Corp.<br>NRG Metals Inc.<br>Shoshoni Gold Ltd.<br>TNX Maverick Resources Inc.<br>Starr Peak Exploration Ltd.<br>Wellstar Energy Corp. |
| Eugene Beukman          | Bard Ventures Ltd.<br>CNRP Mining Inc.<br>International Cobalt Corp.<br>La Jolla Capital Inc.<br>Oriental Non-Ferrous Resources Development Inc.<br>Reliq Health Technologies Inc.<br>SLAM Exploration Ltd.<br>VANC Pharmaceuticals Inc.                                                                                                                                                                                                                                                                                       |
| Theo van der Linde      | Coronet Metals Inc.<br>Elcora Advanced Materials Corp.                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

## **ORIENTATION AND CONTINUING EDUCATION**

The Company has not yet developed an official orientation or training program for new directors. As required, new directors will have the opportunity to become familiar with the Company and its business by meeting with the other directors and with officers and employees. Orientation activities will be tailored to the particular needs and experience of each director and the overall needs of the board.

## **ETHICAL BUSINESS CONDUCT**

The board monitors the ethical conduct of the Company and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The board has found that the fiduciary duties placed on individual directors by our governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the board in which the director has an interest, have been sufficient to ensure that the board operates independently of management and in the best interests of the Company.

## **NOMINATION OF DIRECTORS**

The Company has not yet implemented a nominating committee. Accordingly, the board of directors, as a whole, is responsible for considering the board's size and the number of directors to recommend to the Company's shareholders for election at annual meetings of shareholders, taking into account the number of directors required to carry out the board's duties effectively, and to maintain a majority of independent directors and a diversity of view and experience.

## **COMPENSATION OF DIRECTORS AND CHIEF EXECUTIVE OFFICER**

The Board of Directors conducts reviews with regard to the compensation of the directors and CEO once a year. To make its recommendations on such compensation, the Board of Directors informally takes into account the types of compensation and the amounts paid to directors and officers of comparable publicly traded Canadian companies.

At present, no compensation is paid to the directors of the Corporation in their capacity as directors. The Board does not currently have a compensation committee.

## **COMMITTEES OF THE BOARD OF DIRECTORS**

The Company has no other committees other than the Audit Committee.

## **ASSESSMENTS**

The board has not, as yet, established procedures to formally review the contributions of individual directors. At this point, the directors believe that the board's current size facilitates informal discussion and evaluation of members' contributions within that framework.

## **PART 7 - OTHER INFORMATION**

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### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

As at the financial year ended **July 31, 2016**, there was no outstanding equity compensation plan information of the Company.

At the Meeting, the Company will be asking Disinterested Shareholder approval of the Company's Plan. See Part 3 – The Business of the Meeting – Approval of Stock Option Incentive Plan.

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

Since the beginning of the most recently completed financial year ended **July 31, 2016** and as at the date of this Information Circular, no director, executive officer or employee or former director, executive officer or employee of the Company, nor any nominee for election as a director of the Company, nor any associate of any such person, was indebted to the Company for other than “routine indebtedness”, as that term is defined by applicable securities legislation; nor was any indebtedness to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

## **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

None of the directors or executive officers of the Company, no proposed nominee for election as a director of the Company, none of the persons who have been directors or executive officers of the Company since the commencement of our last completed financial year, none of the other insiders of the Company and no associate or affiliate of any of the foregoing persons has any substantial interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of the directors.

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

Except as otherwise disclosed herein, no proposed nominee for election as a director, and no director or executive officer of the Company who has served in such capacity since the beginning of the last financial year of the Company, and no shareholder holding of record or beneficially, directly or indirectly, more than 10% of the Company's outstanding common shares, and none of the respective associates or affiliates of any of the foregoing, had (or has) any interest in any transaction with the Company since the commencement of our most recently completed financial year ended **July 31, 2016**, or in any proposed transaction, that has materially affected the Company or is likely to do so.

## **MANAGEMENT CONTRACTS**

Except as described below and as disclosed under Part 4 – Executive Compensation, the Company has no management agreements or arrangements under which the management functions of the Company are performed other than by the Company's directors and executive officers.

## **PENALTIES AND SANCTIONS**

As at the date of this Information Circular no proposed nominee for election as a director of the Company (nor any of his or her personal holding companies) has been subject to:

- (a) 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
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

## **CORPORATE CEASE TRADE ORDERS AND BANKRUPTCIES**

Except as summarized below, no proposed nominee for election as a director of the Company is, or has been, within 10 years before the date of this Information Circular:

1. a director, chief executive officer or chief financial officer of any company (including the Company and any personal holding company of the proposed director) that, while that person was acting in that capacity:
  - (a) was subject to a cease trade order (including any management cease trade order which applied to directors or executive officers of a company, whether or not the

person is named in the order) or an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an "**Order**"); or

- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
2. a director or executive officer of any company (including the Company) and any personal holding company of the proposed director) 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.

Christopher P. Cherry, the CEO, CFO, Corporate Secretary and a director of the Company, is the CFO and a director of Wolfeye Resource Corp. ("**Wolfeye**"). On August 7, 2013, the British Columbia Securities Commission (the "**BCSC**") and the Alberta Securities Commission (collectively, the "**Commissions**") issued a cease trade order (the "**CTO**") against Wolfeye, its directors, officers and insiders for failure of Wolfeye to file its audited financial statements and management's discussion & analysis and related certifications for the year ended March 31, 2013 (collectively, the "**Financial Materials**"). On August 8, 2013, trading in Wolfeye's common shares was suspended by the TSX Venture Exchange ("**TSXV**") for failure to file the Financial Materials. Wolfeye filed the Financial Materials with the Commissions and the CTO was lifted by the Commissions on September 26, 2013. Wolfeye applied to the TSXV to lift the trading suspension and, after satisfying all of the conditions of the TSXV, the suspension was lifted and trading in Wolfeye's common shares recommenced on October 30, 2013.

Mr. Cherry is also currently the CFO of Mexivada Mining Corp. ("**Mexivada**"). On October 29, 2010, at the request of management of Mexivada, the BCSC issued a CTO against the insiders of Mexivada for not filing comparative financial statements for its financial year ended June 30, 2010 and the related management's discussion and analysis for the same period. The CTO was rescinded on November 30, 2010 and is no longer in effect. On October 31, 2011, at the request of management, the BCSC issued a CTO against the insiders of Mexivada for not filing comparative financial statements for its financial year ended June 30, 2011 and the related management's discussion and analysis for the same period. The CTO was rescinded on November 24, 2011 and is no longer in effect. On October 31, 2012, at the request of management, the BCSC issued a CTO against the insiders of Mexivada for not filing comparative financial statements for its financial year ended June 30, 2012 and the related management's discussion and analysis for the same period. The cease trade order is still in effect.

Mr. Cherry is also a director and officer of 1040440 BC Ltd., 1040426 BC Ltd., 1040433 BC Ltd., and Genix Pharmaceutical Corp., companies that are reporting issuers in the provinces of British Columbia and Alberta. On December 2, 2016, the BCSC issued a CTO against the Company and these companies, their directors, officers and insiders for failure to file audited financial statements and management's discussion & analysis and related certifications for the year ended July 31, 2016. The CTO remains in effect. The BCSC also issued deficiency notices to each of 1040440 BC Ltd. and Genix Pharmaceutical Corp. for failure to file first quarter financial statements and management's discussion & analysis for the period ended October 31, 2016. The deficiency notices remain in effect.

## **PERSONAL BANKRUPTCY**

No proposed nominee for election as a director of the Company has, within the ten years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

## **OTHER MATTERS**

Management of the Company is not aware of any other matters to come before the Meeting other than as set forth in the Notice of Meeting that accompanies this Information Circular. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

## **ADDITIONAL INFORMATION**

Financial information about the Company is included in the Company's financial statements and Management's Discussion and Analysis for the financial year ended **July 31, 2016**, which have been electronically filed with regulators and are available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com). Copies may be obtained without charge upon request to the Company at Suite 1128, 789 West Pender Street, Vancouver, British Columbia V6C 1H2 - telephone (604) 687-2038; fax (604) 687-3141. You may also access the Company's public disclosure documents through the Internet on SEDAR at [www.sedar.com](http://www.sedar.com).

## **SCHEDULE “A”**

**1040442 BC LTD.**  
(the “**Company**”)

### **AUDIT COMMITTEE CHARTER**

#### **Purpose of the Committee**

The purpose of the audit committee (the “**Audit Committee**”) of the directors of the Company (the “**Board**”) is to provide an open avenue of communication between management, the Company’s independent auditor and the Board and to assist the Board in its oversight of:

- the integrity, adequacy and timeliness of the Company’s financial reporting and disclosure practices;
- the Company’s compliance with legal and regulatory requirements related to financial reporting; and
- the independence and performance of the Company’s independent auditor.

The Audit Committee shall also perform any other activities consistent with this Charter, the Company’s articles and governing laws as the Audit Committee or Board deems necessary or appropriate.

The Audit Committee shall consist of at least three directors. Members of the Audit Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Audit Committee shall elect a Chairman from among their number. A majority of the members of the Audit Committee must not be officers or employees of the Company or of an affiliate of the Company. The quorum for a meeting of the Audit Committee is a majority of the members who are not officers or employees of the Company or of an affiliate of the Company. With the exception of the foregoing quorum requirement, the Audit Committee may determine its own procedures.

The Audit Committee’s role is one of oversight. Management is responsible for preparing the Company’s financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board. Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditor’s responsibility is to audit the Company’s financial statements and provide its opinion, based on its audit conducted in accordance with IFRS, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with IFRS.

The Audit Committee is responsible for recommending to the Board the independent auditor to be nominated for the purpose of auditing the Company’s financial statements, preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, and for reviewing and recommending the compensation of the independent auditor. The Audit Committee is also directly responsible for the evaluation of and oversight of the work of the independent auditor. The independent auditor shall report directly to the Audit Committee.

## **Authority and Responsibilities**

In addition to the foregoing, in performing its oversight responsibilities the Audit Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board.
2. Review the appointments of the Company's CFO and CEO and any other key financial executives involved in the financial reporting process.
3. Review with management and the independent auditor the adequacy and effectiveness of the Company's accounting and financial controls and the adequacy and timeliness of its financial reporting processes.
4. Review with management and the independent auditor the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.
5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.
6. Review the Company's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Company, including consideration of the independent auditor's judgment about the quality and appropriateness of the Company's accounting policies. This review may include discussions with the independent auditor without the presence of management.
8. Review with management and the independent auditor significant related party transactions and potential conflicts of interest.
9. Pre-approve all non-audit services to be provided to the Company by the independent auditor.
10. Monitor the independence of the independent auditor by reviewing all relationships between the independent auditor and the Company and all non-audit work performed for the Company by the independent auditor.
11. Establish and review the Company's procedures for the:
  - receipt, retention and treatment of complaints regarding accounting, financial disclosure,
  - internal controls or auditing matters; and
  - confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.
12. Conduct or authorize investigations into any matters that the Audit Committee believes is within the scope of its responsibilities. The Audit Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Company.
13. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of National Instrument 52-110 of the Canadian Securities Administrators, the *Business Corporations Act* (British Columbia) and the articles of the Company.