

## **ENVIROLEACH TECHNOLOGIES INC.**

#114 – 8331 Eastlake Drive  
Burnaby, BC V5A 4W2  
Telephone: (604) 428-2400 and Facsimile: (604) 428-2600

### **MANAGEMENT PROXY CIRCULAR**

(as at May 7, 2018, except as otherwise indicated)

**This Management Proxy Circular (the “Circular”) is furnished in connection with the solicitation of proxies by the management of EnviroLeach Technologies Inc. (the “Corporation”) for use at the annual general meeting (the “Meeting”) of its shareholders to be held on June 14, 2018, at the time and place and for the purposes set forth in the accompanying Notice of the Meeting.**

In this Circular, references to the “Corporation”, “we” and “our” refer to EnviroLeach Technologies Inc. “Common Shares” means common shares without par value in the capital of the Corporation. “Beneficial Shareholders” means shareholders who do not hold Common Shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

### **GENERAL PROXY INFORMATION**

#### **Solicitation of Proxies**

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

#### **Appointment of Proxyholders**

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

#### **Voting by Proxyholder**

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

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

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

### **Registered Shareholders**

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

- (a) by completing, dating and signing the enclosed form of Proxy and returning it to the Corporation's transfer agent, Computershare Trust Company of Canada ("**Computershare**"), by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, by mail using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario L4B 4R5;
- (b) by hand delivery to Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1
- (c) by using a touch-tone phone to transmit voting choices to a toll free number. Registered shareholders must follow the instructions of the voice response system and refer to the enclosed Proxy form for the toll free number, the holder's account number and the Proxy access number; or
- (d) by using the internet through the website of the Corporation's transfer agent at [www.investorvote.com](http://www.investorvote.com). Registered shareholders must follow the instructions that are given by the website and refer to the enclosed Proxy form for the holder's account number and the Proxy access number;

and in all cases ensuring that the Proxy is 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.

### **Beneficial Shareholders**

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

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

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

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

The Corporation is taking advantage of the provisions of National Instrument 54-101 “*Communication with Beneficial Owners of Securities of a Reporting Issuer*” that permit it to deliver proxy-related materials directly to its NOBOs. As a result NOBOs can expect to receive a scannable Voting Instruction Form (“**VIF**”) from our transfer agent, Computershare. The VIF is to be completed and returned to Computershare as set out in the instructions provided on the VIF. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

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

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

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

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

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

The solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the *Business Corporations Act* (Alberta) (the “**Alberta Act**”), and securities laws of the provinces of Canada. The proxy solicitation rules under the United States *Securities Exchange Act of 1934*, as amended, are not applicable to the Corporation or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the

provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

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

### **Revocation of Proxies**

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

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the registered shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to either Computershare or to the Corporation's office, located at #114 – 8331 Eastlake Drive, Burnaby, BC V5A 4W2, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairperson of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (b) personally attending the Meeting and voting the registered shareholder's Common Shares.

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

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

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

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The Board of Directors of the Corporation (the "**Board**") has fixed May 7, 2018 as the record date (the "**Record Date**") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting, except to the extent that:

- (a) the shareholder has transferred the ownership of any such Common Shares after the Record Date; and

- (b) the transferee produces a properly endorsed share certificate for or otherwise establishes ownership of any of the transferred Common Shares and makes a demand to Computershare no later than 10 days before the Meeting that the transferee's name be included in the list of shareholders in respect thereof.

The Common Shares of the Corporation are listed for trading on the Canadian Securities Exchange (the "CSE"). The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares. As of May 7, 2018, there were 60,351,000 Common Shares issued and outstanding, each carrying the right to vote. There are no Preferred Shares issued and outstanding. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares or the Preferred Shares.

To the knowledge of the directors and executive officers of the Corporation, there are no persons who 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 Corporation as at May 7, 2018:

### **FINANCIAL STATEMENTS**

The audited financial statements of the Corporation for the year ended December 31, 2017, and the report of the Corporation's auditor thereon, will be placed before the Meeting. Additional information may be obtained upon request from the Corporation, at #114 – 8331 Eastlake Drive, Burnaby, BC V5A 4W2; telephone: (604) 428-2400 or facsimile: (604) 428-2600. These documents and additional information are also available through the Internet on [www.sedar.com](http://www.sedar.com).

### **VOTES NECESSARY TO PASS RESOLUTIONS**

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

### **ELECTION OF DIRECTORS**

At the Meeting, Shareholders of the Corporation will be asked to fix the number of directors of the Corporation at five (5).

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless a director's office is earlier vacated in accordance with the provisions of the Alberta Act, each director elected will hold office until the conclusion of the next annual meeting of the Corporation or, if no director is then elected, until a successor is elected.

#### *Advance Notice*

Pursuant to the Corporation's Bylaws, nominations of persons for election to the Board of the Corporation may be made by a proposal made in accordance with the Alberta Act or a requisition of a shareholder meeting by none or more of the shareholders made in accordance with the provisions of the Alberta Act in circumstances where nominations of persons for election to the Board are made by shareholders of the Company. Nominations of persons for election to the Board may also be made by any

person (a “**Nominating Shareholder**”) by giving timely notice in proper written form (“**Nominating Notice**”) to the Corporation provided that such Nominating Shareholder is, at the close of business on the date of giving such Nominating Notice and at the close of business on the Record Date, a registered or beneficial owner of one or more shares carrying the right to vote at such meeting. The information required in the Nominating Notice is set out in the Corporation’s Bylaws.

The Nominating Notice must be made not less than 30 days prior to the date of the annual meeting of shareholders, provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the “**Notice Date**”) on which the first public notice of the date of the annual meeting was given, notice by the Nominating Shareholder must be made not later than 5:00 p.m. (Calgary time) on the 10<sup>th</sup> day following the Notice Date. In connection with the first annual meeting of shareholders held after the adoption of the Company’s Bylaw on October 21, 2016, notice by the Nominating Shareholder must be made not later than the later of: (i) 5:00 p.m. (Calgary time) on the 10<sup>th</sup> day following the adoption by the Board of the Bylaw; and (ii) 5:00 p.m. (Calgary time) on the second business day in the City of Calgary, in the province of Alberta, before the record date for such meeting.

The Board may, in its sole discretion, amend the time periods for the giving of a Nominating Shareholder’s notice set out in its Bylaws in order to comply with changes to applicable laws or recommended best practices.

As of the date of this Information Circular, the Corporation has not received notice of nominating in compliance with the Bylaws and, as such, any nominations other than nominations by or at the direction of the Board or an authorized officer of the Corporation will be disregarded at the Meeting.

The following disclosure sets out the names of management’s five nominees for election as directors, all major offices and positions with the Corporation and any of its significant affiliates each now holds, each nominee’s principal occupation, business or employment, the period of time during which each has been a director of the Corporation and the number of Common Shares of the Corporation beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at May 7, 2018.

<b>Nominee Position with the Corporation and Residence</b>	<b>Period as a director of the Corporation</b>	<b>Common Shares Beneficially Owned or Controlled<sup>(1)</sup></b>
<b>Duane Nelson</b> <sup>(2)</sup> President, Chief Executive Officer and a director British Columbia, Canada	October 21, 2016	1,938,491 <sup>(3)</sup>
<b>Jack Kiland</b> Director Nevada, USA	October 21, 2016	2,381,976 <sup>(4)</sup>
<b>Greg Pendura</b> <sup>(2)</sup> Director Alberta, Canada	October 21, 2016	685,336 <sup>(5)</sup>
<b>Kenneth C. McNaughton</b> Director British Columbia, Canada	October 21, 2016	250,000 <sup>(6)</sup>
<b>Court J. Anderson</b> <sup>(2)</sup> Director Minnesota, USA	October 21, 2016	23,827 <sup>(7)</sup>

Notes:

- (1) The information as to Common Shares beneficially owned or controlled is not within the knowledge of the management of the Corporation and has been furnished by the respective nominees for director.
- (2) Member of the Corporation's Audit Committee.
- (3) 1,619,258 Common Share are held indirectly by Mr. Nelson through Sibling Rivalry Investments Inc., a company wholly-owned and controlled by Mr. Nelson. Mr. Nelson also holds stock options to purchase up to 1,750,000 Common Shares at an exercise price of \$0.25 per Common Share expiring on March 24, 2022.
- (4) 2,374,034 Common Share are held control and directed by Mr. Kiland through Kiland Family 1994 Family Trust, a trust controlled by Mr. Kiland. Mr. Kiland also holds stock options to purchase up to 250,000 Common Shares at an exercise price of \$0.25 per Common Share expiring on March 24, 2022.
- (5) Mr. Pendura also holds stock options to purchase up to 750,000 Common Shares at an exercise price of \$0.25 per Common Share expiring on March 24, 2022.
- (6) Mr. McNaughton also holds stock options to purchase up to 250,000 Common Shares at an exercise price of \$0.25 per Common Share expiring on March 24, 2022.
- (7) Mr. Anderson also holds stock options to purchase up to 150,000 Common Shares at an exercise price of \$0.25 per Common Share expiring on March 24, 2022, and stock options to purchase up to 100,000 Common Shares at an exercise price of \$0.50 per Common Share expiring on June 29, 2022.

## **Occupation, Business or Employment of Nominees**

### ***Duane Nelson – President, Chief Executive Officer and a director***

Mr. Nelson is the founder, President and CEO of Mineworx, which was acquired by Iberian Minerals. Mr. Nelson has extensive experience in the mining sector and was the CEO and co-founder of Silvermex Resources Inc., a silver and gold producer focused on projects in Mexico and was acquired by First Majestic Silver Corp. in 2012. He is the founder of Quotemedia Inc., a financial market data company established in 1998, a leading provider of global financial stock market data for the Toronto Stock TSXV, NASDAQ OTC, and others.

### ***Jack Kiland – Director and Chairman***

Mr. Kiland has over 50 years' experience in a number of successful start-up ventures. He was the co-founder and Managing Director of Casino Data Systems (CDS), a successful NASDAQ listed company which employed over 400 people in Las Vegas, NV. CDS specialized in technology-driven products for the gaming industry, serving 120+ Casino customers world-wide. CDS was sold to Aristocrat Technologies Inc. for \$180 million.

### ***Greg Pendura - Director***

Mr. Pendura has more than 35 years of experience in founding, financing and advising emerging private and public companies. Mr. Pendura spent 12 years in the public sector with Resin Systems Inc. An original founder of the company he retired in 2007 as President, CEO and Chairman of the Board.

### ***Kenneth C. McNaughton – Director***

Mr. McNaughton is Vice President and Chief Explorations Officer for Pretivm Resources. He is a professional geological engineer with over 30 years of global experience developing and leading mineral exploration programs. He was Senior Vice President, Exploration for Silver Standard Resources Inc.

### ***Court Anderson – Director***

Court is currently a lawyer at Henson & Efron, P.A. specializing in litigating business disputes. He was named a Minnesota Attorney of the Year in 2014 by Minnesota Lawyer. He has litigated disputes in dozens of federal and state courts throughout the country, with many of his cases involving shareholder and securities disputes, complex contracts, and a variety of business-related torts. Court regularly advises

boards and officers on corporate governance issues and their legal obligations, mitigating legal risk and exposure. He graduated from Southwest Minnesota State University, summa cum laude, with a B.S. degree in accounting, and thereafter obtained a Juris Doctorate, cum laude, from the University of Minnesota Law School.

### **Cease Trade Orders or Bankruptcies**

Within the last 10 years before the date of this Circular, other than as set out below, no proposed nominee for election as a director of the Corporation was a director or executive officer of any company (including the Corporation in respect of which this Circular is prepared) or acted in that capacity for a company that was:

- (a) subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation for more than 30 consecutive days;
- (b) subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under the securities legislation for a period of more than 30 consecutive days;
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or has 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;
- (d) subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) subject to any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

### **Conflicts of Interest**

Conflicts of interest may arise as a result of the directors, officers and promoters of the Corporation also holding positions as directors or officers of other companies. Some of the individuals who will be directors and officers of the Corporation have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Corporation will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies provided under Alberta corporate law. Directors who are in a position of conflict will abstain from voting on any matters relating to the conflicting company.

### **APPOINTMENT OF AUDITOR**

K.R. Margetson Ltd., Chartered Professional Accountants, of #210 – 905 West Pender Street, Vancouver, BC V6C 1L6, will be nominated at the Meeting for reappointment as auditor of the Corporation to hold office until the next annual general meeting of shareholders, at a remuneration to be fixed by the



directors. K.R. Margetson Ltd. was first appointed auditor of the Corporation effective January 13, 2017 in conjunction with the Corporation's listing of its Common Shares on the CSE effective March 30, 2017.

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

National Instrument 52-110 - "*Audit Committee*" of the Canadian Securities Administrators ("**NI 52-110**") requires the Corporation, as a venture issuer, to disclose annually in its management proxy circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor all as set forth herein below

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

The Corporation's Audit Committee (the "**Audit Committee**") has a Charter. A copy of the Audit Committee Charter is attached as Schedule "A" to this Circular.

#### **Composition of the Audit Committee**

The current members of the Corporation's Audit Committee are Duane Nelson, Greg Pendura and Court J. Anderson. Messrs Pendura and Anderson are independent and Mr. Nelson, the President and Chief Executive Officer of the Corporation, is a non-independent member of the Audit Committee. All the current and proposed members of the Audit Committee are considered to be financially literate as required by section 1.6 of NI 52-110.

#### **Relevant Education and Experience**

See the disclosure under the heading "Occupation, Business or Employment of Nominees" hereinabove pertaining to relevant education and experience of the Corporation's Audit Committee members.

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

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

#### **Audit Committee Oversight**

The Audit Committee has not made any recommendations to the Board to nominate or compensate any auditor other than K.R. Margetson Ltd.

### Reliance on Certain Exemptions

The Corporation’s auditor, K.R. Margetson Ltd., has not provided any material non-audit services to the Corporation, therefore the Corporation has not relied on any exemption in Section 2.4 of NI 52-110.

### Pre-Approval Policies and Procedures

See the Corporation’s Audit Committee Charter for policies and procedures for the engagement of non-audit services.

### External Auditor Service Fees

The Audit Committee reviewed the nature and amount of the non-audit services provided by K.R. Margetson Ltd. to the Corporation to ensure auditor independence. Fees incurred with K.R. Margetson Ltd. for audit and non-audit services in the last two fiscal years for audit fees are outlined in the following table.

Nature of Services	Fees Paid to Auditor in Year Ended December 31, 2016	Fees Paid to Auditor in Year Ended December 31, 2017
Audit Fees <sup>(1)</sup>	\$Nil	\$7,570.80
Audit-Related Fees <sup>(2)</sup>	\$Nil	\$Nil
Tax Fees <sup>(3)</sup>	\$Nil	\$750.00
All Other Fees <sup>(4)</sup>	\$Nil	\$Nil
Total	\$Nil	\$8,320.80

Notes:

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

### Exemption

The Corporation is a “venture issuer” as defined in NI 52-110 and is relying upon the exemption in section 6.1 of NI 52-110 concerning Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

## CORPORATE GOVERNANCE

Corporate governance refers to the policies and structure of the board of directors of a company whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of

good management. The Board is committed to sound corporate governance practices as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

### **Board of Directors**

Directors are considered to be independent if they have no direct or indirect material relationship with the Corporation. A “material relationship” is a relationship which could, in the view of the Corporation’s Board, be reasonably expected to interfere with the exercise of a director’s independent judgment or which is deemed to be a material relationship under NI 52-110.

The Board facilitates its independent supervision over management by holding regular meetings at which members of management or non-independent directors are not in attendance and by retaining independent consultants where it deems necessary.

The independent directors of the Corporation are Greg Pendura, Kenneth McNaughton, Jack Kiland and Court Anderson. The non-independent director is Duane Nelson (President and Chief Executive Officer).

### **Directorships**

The following directors are currently serving on boards of the following other reporting companies (or equivalent) as set out below:

<b>Name of Director</b>	<b>Reporting Issuer and Name of Trading Markets</b>
Duane Nelson	Mineworx Technologies Ltd. (formerly, Iberian Minerals Ltd.) (TSX-V, OTCQB)
Greg Pendura	Mineworx Technologies Ltd. (formerly, Iberian Minerals Ltd.) (TSX-V, OTCQB)
Kenneth C. McNaughton	Camino Minerals Corporation (TSX-V)

### **Orientation and Continuing Education**

When new directors are appointed they receive orientation commensurate with their previous experience on the Corporation’s properties and on the responsibilities of directors.

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

### **Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Corporation’s governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual directors’ 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 Corporation. Further, the Corporation’s auditor has full and unrestricted access to the

Audit Committee at all times to discuss the audit of the Corporation's financial statements and any related findings as to the integrity of the financial reporting process.

### **Nomination of Directors**

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

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

### **Compensation**

The Board is responsible for determining compensation for the officers, employees and non-executive directors of the Corporation. The Board annually reviews all forms of compensation paid to officers, employees and non-executive directors both with regards to the expertise and experience of each individual and in relation to industry peers.

### **Other Board Committees**

At the present time the Board has no other committees other than the Audit Committee.

### **Assessments**

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Named Executive Officer**

The Named Executive Officers ("NEOs") for the year ended December 31, 2017 were Duane Nelson, Chief Executive Officer ("CEO"), Don Weatherbee, Chief Financial Officer ("CFO"), and Ish Grewal, Executive Vice President ("EVP").

NEO means a CEO, CFO, each of the three most highly compensated executive officers other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year, and each individual who would be an NEO but for the fact that the individual was neither an executive officer at the end of that financial year.

### **Compensation Discussion and Analysis**

The compensation program of the Corporation is designed to attract, motivate, reward and retain knowledgeable and skilled executives required to achieve the Corporation's corporate objectives and to increase shareholder value. The main objective of the compensation program is to recognize the contribution of the NEOs to the overall success and strategic growth of the Corporation. The philosophy of the Corporation is to pay the management a total compensation amount that is competitive with other Canadian junior resource companies and is consistent with the experience and responsibility level of the management. The purpose of executive compensation is to reward the executives for their contributions to the achievements of the Corporation on both an annual and long-term basis.

The compensation program provides incentives to its NEOs and Board to achieve long term objectives through grants of stock options pursuant to the Plan. Increasing the value of the common shares increases the value of the stock options. This incentive closely links the interests of the NEOs and directors to Shareholders. The allocation of options pursuant to the Plan is determined by the Board which considers such factors as previous grants to individuals, overall corporate performance, share price performance, the role and performance of the individuals and, in the case of grants to non-executive directors, the amount of time directed to the Corporation's affairs. The Corporation believes that participation by the NEOs in the Plan aligns the interests of the NEOs with the Shareholders, as the NEOs are rewarded for the Corporation's performance as evidenced by share price appreciation.

The Board has not considered the implications of the risks associated with the Corporation's compensation policies and practices. Neither a NEO nor a director are permitted to purchase financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

### Summary Compensation Table

The following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly to the NEOs during the last completed financial year. The Corporation does not have any share-based award plans, non-equity long-term incentive plans, or any defined benefit or defined contribution pension plans.

Name and Principal Position	Year Ended Dec 31	Salary	Option-Based Awards <sup>1</sup>	Performance Bonuses	All Other Compensation <sup>2</sup>	Total Compensation
Duane Nelson, CEO	2017	\$228,200	\$371,525	\$2,500	\$13,397	\$615,622
	2016	\$10,050	\$nil	\$nil	\$nil	\$10,050
Don Weatherbee, CFO	2017	\$nil	\$63,690	\$1,500	\$96,750	\$161,940
	2016	\$nil	\$nil	\$nil	\$nil	\$nil
Ish Grewal, EVP	2017	\$117,000	\$53,075	\$2,500	\$2,315	\$174,890
	2016	\$nil	\$nil	\$nil	\$nil	\$nil

<sup>1</sup>Option-based award amounts are non-cash amounts and are the fair value estimates of options granted during the year, calculated using the Black-Scholes pricing model, whereby the fair value of stock options is determined on the grant date and recorded as compensation expense over the period that the stock options vest. The Black-Scholes model is an industry accepted valuation method.

<sup>2</sup>Compensation was paid pursuant to consulting agreements with Mr. Weatherbee

### Narrative Discussion

Calculating the value of stock options using the Black-Scholes option pricing model is very different from a simple "in-the-money" value calculation. In fact, stock options that are well out-of-the-money can still have a significant "grant date fair value" based on a Black-Scholes option pricing model, especially where, as in the case of the Corporation, the price of the share underlying the option is highly volatile. Accordingly, caution must be exercised in comparing grant date fair value amounts with cash compensation or an in-the-money option value calculation.

### Employment and Consulting Contracts

During the year-ended December 31, 2017, the Corporation had a written agreement with Mr. Weatherbee for his consulting services which include, as CFO, providing leadership and vision to manage the finances Corporation in the best interests of the Shareholders; providing leadership to and responsibility for the

accounting and finance functions; providing strategic planning; and risk management in addition to other appropriate duties and responsibilities assigned by the Board and the CEO.

### Incentive Plan Awards

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

The following table sets forth details of all option-based awards outstanding for each NEO as of December 31, 2017. The Corporation does not have any share-based award plans for its NEOs.

Name	Option-Based Awards			
	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Value of Unexercised in-the-money Option <sup>1,2</sup>
Duane Nelson	1,750,000	\$0.25	March 24, 2022	\$1,802,500
Don Weatherbee	300,000	\$0.25	March 24, 2022	\$309,000
Ish Grewal	250,000	\$0.25	March 24, 2022	\$257,500

<sup>1</sup>Unexercised “in-the-money” options refer to the options in respect of which the market value of the underlying securities as at the financial year end exceeds the exercise or base price of the option.

<sup>2</sup>As at December 31, 2017, the market value of the common shares on the Canadian Securities Exchange was \$1.28.

#### *Incentive Plan Awards - Value Vested or Earned During the Year*

The following table sets forth the value of option-based awards which vested or were earned during the most recently completed financial year for each NEO. The Corporation does not have any share-based award plans for its NEOs.

Name	Option-Based Awards - Value vested during the year <sup>1</sup>
Duane Nelson	\$nil
Don Weatherbee	\$nil
Ish Grewal	\$nil

<sup>1</sup>Based on the difference between the market price of the options at the vesting date and the exercise price of \$0.25

#### *Narrative Discussion*

The Corporation’s only long-term incentive plan is the Plan pursuant to which the Board may, at their discretion, grant options to participants. The purpose of the Plan is to provide compensation opportunities to participants which align their interests with those of Shareholders and which assist in attracting and retaining individuals of exceptional ability. Significant terms of the Plan are: (i) options may be granted in such numbers and with such vesting provisions as the Board may determine; (ii) the Board would fix the exercise price at which common shares may be acquired upon the exercise of such option provided that such exercise price shall not be less than Exchange policy allows; (iii) options may be granted for a maximum term of ten years; (iv) options are not transferable or assignable; (v) the maximum number of common shares reserved for issue under the Plan shall not exceed 20% of the issued and outstanding common shares; (vi) the maximum number of common shares reserved for issue to any one person shall not exceed 5% of the outstanding common shares as at the date of the grant.

### Pension Plan Benefits

The Corporation does not have any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

### Termination and Change of Control Benefits

The Corporation has an employment contract with Mr. Nelson and Mr. Grewal that provides for payments to the NEO in connection with any termination except for just cause of 24 months of annual compensation. Mr. Weatherbee services are provided under a consulting contract. The contract states if the contract is terminated by the company without just cause the consultant would be entitled to his base fee not yet paid up to the termination date plus an additional fee in the amount 12 months of the base monthly fee.

### Director Compensation

During the most recently completed financial year, the Corporation paid cash compensation to the directors for services rendered in their capacity as directors, in addition to reimbursement of reasonable expenses.

### Director Compensation Table

The following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Corporation to directors for the most recently completed financial year, excluding NEOs whose compensation has been previously disclosed in this Circular. The Corporation does not have share-based award plans, non-equity incentive plans or pension plans for its directors.

Name	Fees Earned	Option-Based Awards	All Other Compensation	Total
Jack Kiland	11,545	\$53,075	Nil	\$64,620
Greg Pendura	\$9,000	\$159,225	Nil	\$168,225
Court Anderson	\$9,000	\$75,836	Nil	\$84,836
Ken McNaughton	\$9,000	\$53,075	Nil	\$62,075

<sup>1</sup>All options are granted pursuant to the stock option plan. Option-based award amounts are non-cash amounts and are the fair value estimates of options granted during the year, calculated using the Black-Scholes pricing model, whereby the fair value of stock options is determined on the grant date and recorded as compensation expense over the period that the stock options vest. The Black-Scholes model is an industry accepted valuation method.

### Incentive Plan Awards

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

The following table sets forth for each director, other than NEOs, all option-based awards outstanding as at December 31, 2017. The Corporation does not have any share-based award plans.

Name	Option-Based Awards			
	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Value of Unexercised in-the-money Option <sup>1 2</sup>
Jack Kiland	250,000	\$0.25	March 24, 2022	\$257,500
Greg Pendura	750,000	\$0.25	March 24, 2022	\$772,500

Court Anderson	150,000	\$0.25	March 24, 2022	\$154,500
	100,000	\$0.50	June 30, 2022	\$78,000
Ken McNaughton	250,000	\$0.25	March 24, 2022	\$257,500

<sup>1</sup>Unexercised “in-the-money” options refer to the options in respect of which the market value of the underlying securities as at the financial year end exceeds the exercise or base price of the option.

<sup>2</sup>As at December 31, 2017, the market value of the common shares on the Canadian Securities Exchange was \$1.28.

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

The following table sets forth for each director, other than a NEO, the value vested or earned on all option-based awards during the financial year ending December 31, 2017. The Corporation does not have non-equity incentive plans or share based aware plans for Directors.

Name	Option-Based Awards - Value vested during the year
Jack Kiland	\$nil
Greg Pendura	\$nil
Court Anderson	\$13,000
Ken McNaughton	\$nil

<sup>1</sup>Based on the difference between the market price of the options at the vesting dates and the exercise price of \$0.25 and \$0.50.

### Equity Compensation Plan Information

Plan	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by securityholders - the Existing Plan	5,100,000	0.27	73,600
Equity Compensation plans not approved by securityholders.	Nil	N/A	Nil
<b>Total:</b>	<b>5,100,000</b>	<b>N/A</b>	<b>73,600</b>

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates or other management of the Corporation were indebted to the Corporation as of the end most recently completed financial year or as at the date hereof.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

An informed person is one who generally speaking is a director or executive officer or a 10% shareholder of the Corporation. To the knowledge of management of the Corporation, no informed person or nominee for election as a director of the Corporation or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries during the year ended December 31, 2017, or has any interest in any material transaction in the current year other than as set out herein and in a document previously disclosed to the public.



## MANAGEMENT CONTRACTS

The business of the Corporation is managed by its directors and officers and the Corporation has no management agreement with persons who are not officers or directors of the Corporation.

### PARTICULARS OF MATTERS TO BE ACTED UPON

#### **New Share Option Plan**

Following a review by the Board of the current stock option plan of the Corporation, the Board has concluded that it was advisable to modify the current 10% rolling stock option plan into a 15% rolling stock option plan.

On May 11, 2018, the Board approved the adoption of a new rolling 15% share option plan (the “**Plan**”) in order to increase the flexibility of the Corporation to provide incentives to directors, officers, employees, management and others who provide services to the Corporation and to bring the Corporation’s Plan in line with the current regulatory regime. The Plan will replace the Corporation’s 10% rolling stock option plan.

Pursuant to the Plan, the Board may grant stock options (each an “**Option**”) to eligible optionees (each an “**Optionee**”) up to a maximum of 15% of the total numbered of issued and outstanding shares of the Corporation on the date of the grant.

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

The following is a summary of the material terms of the Corporation’s Plan:

- (a) The Committee of the Board or the Board may at any time and from time to time designate those Optionees who are to be granted an option pursuant to the Plan and grant an Option to such Optionee;
- (b) Following the granting of an Option, the Administrator of the Plan will, within a reasonable period of time, notify the option holder (the “**Option Holder**”) in writing of the grant and enclose with such notice an option agreement (the “**Option Certificate**”) representing the Option so granted;
- (c) The grant date and expiry date of an Option will be fixed by the Committee at the time the Option is granted and will be set out in the Option Certificate issued in respect of such Option;
- (d) An Option Holder is entitled to exercise an Option granted to him at any time prior to the expiry date of the Option;
- (e) CSE policies mandate that total number of Common Shares (either issued directly or issuable on exercise of options or convertible securities) to persons providing Investor Relations Activities (as defined in CSE policies) cannot exceed 1% of the outstanding and issued common shares of the Company in any 12-month period;
- (e) The exercise price at which an Option Holder may purchase a Common Share upon the exercise of an Option will be determined by the Committee and set out in the Option Certificate issued in respect of the Option;

- (f) The exercise price will not be less than the price determined in accordance with CSE policies while the Company's Shares are listed on the CSE;
- (g) The vesting schedule for an Option, if any, shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option;
- (h) Options are non-assignable and non-transferable;
- (i) In the event that the Option Holder holds his or her Option as an Executive (as defined in the Plan) and such Option Holder ceases to hold such position other than by reason of death or Disability, the expiry date of the Option shall be, unless otherwise expressly provided for in the Option Certificate or otherwise agreed to at any time by the Board, the 90th day following the date the Option Holder ceases to hold such position unless the Option Holder ceases to hold such position as a result of:
  - (i) ceasing to meet the qualifications set forth in the corporate legislation applicable to the Company;
  - (ii) a special resolution having been passed by the shareholders of the Company removing the Option Holder as a director of the Company or any Subsidiary; or
  - (iii) an order made by any Regulatory Authority having jurisdiction to so order;in which case the expiry date shall be the date the Option Holder ceases to hold such position; or
- (j) In the event that the Option Holder holds his or her Option as an employee or consultant, other than an Option Holder who is engaged in investor relations activities, and such Option Holder ceases to hold such position other than by reason of death or Disability, the expiry date of the Option shall be, unless otherwise expressly provided for in the Option Certificate or otherwise agreed to at any time by the Board, the 90th day following the date the Option Holder ceases to hold such position, or, in the case of an Option Holder that is engaged in investor relations activities, the 30th day after the date such Option Holder ceases to hold such position, unless the Option Holder ceases to hold such position as a result of:
  - (i) termination for cause;
  - (ii) resigning or terminating his or her position; or
  - (iii) an order made by any Regulatory Authority having jurisdiction to so order;in which case the Expiry Date shall be the date the Option Holder ceases to hold such position;
- (k) 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.

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

***Shareholder Approval***

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

“**RESOLVED**, as an ordinary resolution, that the new 15% rolling share option plan, as more particularly described in the Management Proxy Circular of the Corporation dated for reference May 11, 2018, be confirmed and approved.”

**The Board recommends that shareholders vote in favour of the Plan.**

**ADDITIONAL INFORMATION**

Additional information relating to the Corporation is included in the audited financial statements of the Corporation for the year ended December 31, 2017, a copy of which has been filed on [www.sedar.com](http://www.sedar.com).

Additional information is also available upon request at the office of the Corporation. The Corporation’s telephone number is (604) 428-2400.

**OTHER MATTERS**

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

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

**Dated** at Vancouver, British Columbia, Canada, on this 11<sup>th</sup> day of May, 2018.

**BY ORDER OF THE BOARD OF DIRECTORS OF THE CORPORATION**

*“Duane Nelson”*

**Duane Nelson**

President, Chief Executive Officer and a director

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**Schedule “A”**

**ENVIROLEACH TECHNOLOGIES INC.  
(the “Company”)**

**AUDIT COMMITTEE CHARTER**

**1. Mandate**

The audit committee of the company (the “**Audit Committee**”) will assist the board of directors (the “**Board**”) in fulfilling its financial oversight responsibilities. The Audit Committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the Audit Committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each Audit Committee member must obtain an understanding of the principal responsibilities of Audit Committee membership as well and the Company’s business, operations and risks.

**2. Composition**

The Board will appoint from among their membership an Audit Committee after each annual general meeting of the shareholders of the Company. The Audit Committee will consist of a minimum of three directors.

*2.1 Independence*

A majority of the members of the Audit Committee must not be officers, employees or control persons of the Company.

*2.2 Expertise of Committee Members*

Each member of the Audit Committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the Audit Committee must have accounting or related financial management expertise. The Board shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall conclude whether a director meets these qualifications.

**3. Meetings**

The Audit Committee shall meet in accordance with a schedule established each year by the Board, and at other times that the Audit Committee may determine. The Audit Committee shall meet at least annually with the Company’s chief financial officer and external auditors in separate executive sessions.

**4. Roles and Responsibilities**

The Audit Committee shall fulfill the following roles and discharge the following responsibilities:

*4.1 External Audit*

The Audit Committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor’s report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the Audit Committee shall:

- (a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;
- (b) review (by discussion and enquiry) the external auditors' proposed audit scope and approach;
- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors; and
- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

#### 4.2 *Internal Control*

The Audit Committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the Audit Committee shall:

- (a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Company; and
- (b) ensure that the external auditors discuss with the Audit Committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

#### 4.3 *Financial Reporting*

The Audit Committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the Audit Committee shall:

##### *General*

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and
- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

##### *Annual Financial Statements*

- (a) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (b) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- (c) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

##### *Interim Financial Statements*

- (a) review and approve the interim financial statements prior to their release to the public; and
- (b) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

*Release of Financial Information*

- (a) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

4.4 *Non-Audit Services*

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the Audit Committee.

*Delegation of Authority*

- (a) The Audit Committee may delegate to one or more independent members of the Audit Committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the Audit Committee at its next scheduled meeting.

*De-Minimis Non-Audit Services*

- (a) The Audit Committee may satisfy the requirement for the pre-approval of non-audit services if:
  - (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
  - (ii) the services are brought to the attention of the Audit Committee and approved, prior to the completion of the audit, by the Audit Committee or by one or more of its members to whom authority to grant such approvals has been delegated.

*Pre-Approval Policies and Procedures*

- (a) The Audit Committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
  - (i) the pre-approval policies and procedures are detailed as to the particular service;
  - (ii) the Audit Committee is informed of each non-audit service; and
  - (iii) the procedures do not include delegation of the Audit Committee's responsibilities to management.

4.5 *Other Responsibilities*

The Audit Committee shall:

- (a) establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters;
- (b) establish procedures for the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters;
- (c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- (d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (e) perform other oversight functions as requested by the Board; and

- (f) review and update this Charter and receive approval of changes to this Charter from the Board.

#### 4.6 *Reporting Responsibilities*

The Audit Committee shall regularly update the Board about Audit Committee activities and make appropriate recommendations.

### 5. **Resources and Authority of the Audit Committee**

The Audit Committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the Audit Committee; and
- (c) communicate directly with the internal and external auditors.

### 6. **Guidance – Roles & Responsibilities**

The following guidance is intended to provide the Audit Committee members with additional guidance on fulfilment of their roles and responsibilities on the committee:

#### 6.1 *Internal Control*

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and
- (c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

#### 6.2 *Financial Reporting*

##### *General*

- (a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements;
- (b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and
- (c) understand industry best practices and the Company's adoption of them.

##### *Annual Financial Statements*

- (a) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Company reports or trades its shares;
- (b) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;

- (c) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;
- (d) consider management's handling of proposed audit adjustments identified by the external auditors; and
- (e) ensure that the external auditors communicate all required matters to the committee.

*Interim Financial Statements*

- (a) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (b) meet with management and the auditors, either telephonically or in person, to review the interim financial statements; and
- (c) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
  - (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
  - (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financials statements are consistent with changes in the company's operations and financing practices;
  - (iii) generally accepted accounting principles have been consistently applied;
  - (iv) there are any actual or proposed changes in accounting or financial reporting practices;
  - (v) there are any significant or unusual events or transactions;
  - (vi) the Company's financial and operating controls are functioning effectively;
  - (vii) the Company has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and
  - (viii) the interim financial statements contain adequate and appropriate disclosures.

6.3 *Compliance with Laws and Regulations*

- (a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";
- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

6.4 *Other Responsibilities*

- (a) review, with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements.