

**Captiva Verde Land Corp.**  
632 Foster Avenue  
Coquitlam, British Columbia  
V3J 2L7  
Tel: (949) 903-5906

## **INFORMATION CIRCULAR**

as at January 9, 2019 *except as otherwise indicated*

**This Information Circular is furnished in connection with the solicitation of proxies by the management of Captiva Verde Land Corp. (the “Company”) for use at the annual general meeting (the “Meeting”) of its shareholders to be held on February 15, 2019 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.**

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

## **GENERAL PROXY INFORMATION**

### **Solicitation of Proxies**

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

### **Appointment of Proxyholders**

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

### **Voting by Proxyholder**

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

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

**In respect of a matter for which a choice is not specified in the Proxy, the management appointee acting as a proxyholder will vote in favour of each matter identified on the Proxy and, if applicable, for the nominees of management for directors and auditors as identified in the Proxy.**

## 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 using one of the following methods:

- (a) complete, date and sign the enclosed form of proxy and return it to the Company's transfer agent, Computershare Investor Services Inc. ("**Computershare**"), by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail to the 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by hand delivery at 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia, Canada V6C 3B9; or
- (b) use a touch-tone phone to transmit voting choices to the toll free number given in the proxy. Registered Shareholders who choose this option must follow the instructions of the voice response system and refer to the enclosed proxy form for the toll free number, the holder's account number and the proxy access number; or
- (c) via Computershare's internet website [www.investorvote.com](http://www.investorvote.com). Registered Shareholders who choose this option must follow the instructions that appear on the screen and refer to the enclosed proxy form for the holder's account number and the proxy access number.

In each of the above cases Registered Shareholders must ensure the proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the Meeting or the adjournment thereof.

## Beneficial Shareholders

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

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

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

There are two kinds of Beneficial Shareholders: Objecting Beneficial Owners ("**OBOs**") object to their name being made known to the issuers of securities which they own; and Non-Objecting Beneficial Owners ("**NOBOs**") who do not object to the issuers of the securities they own knowing who they are.

Pursuant to National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") the Company distributes copies of the Notice of Meeting, this Information Circular and the form of Proxy (collectively, the "Meeting materials") to the Depository and Intermediaries for onward distribution to Beneficial Shareholders. The Company does not send Meeting materials directly to Beneficial Shareholders. Intermediaries are required to forward the Meeting materials to all Beneficial Shareholders for whom they hold Common Shares unless such Beneficial Shareholders have waived the right to receive them.

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

***If you are a Beneficial Shareholder:***

If you are a Beneficial Shareholder you should carefully follow the instructions of your broker or intermediary in order to ensure that your Common Shares are voted at the Meeting.

The proxy form supplied to you by your broker will be similar to the proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote your Common Shares on your behalf. Most brokers delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in Canada and in the United States. Broadridge mails a Voting Instruction Form (“**VIF**”) in lieu of the proxy provided by the Company. The VIF will name the same persons as are named on the Company’s form of Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), who is different from 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 you, in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge in accordance with Broadridge’s instructions. Broadridge will then tabulate the results of all instructions received and provide 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 to vote your Common Shares.**

**Revocation of Proxies**

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

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder’s authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare, or at the address of the registered office of the Company at 1500 Royal Centre, 1055 West Georgia Street, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or
- (b) personally attending the Meeting and voting the registered shareholder’s Common Shares.

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

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

The solicitation of proxies is not subject to the requirements of Section 14(a) of the U.S. Exchange Act by virtue of an exemption applicable to proxy solicitations by foreign private issuers as defined in Rule 3b-4 of the U.S. Exchange Act. Accordingly, this Circular has been prepared in accordance with applicable Canadian disclosure requirements. Residents of the United States

should be aware that such requirements differ from those of the United States applicable to proxy statements under the U.S. Exchange Act.

This document does not address any income tax consequences of the disposition of the Company's shares by shareholders. Shareholders in a jurisdiction outside of Canada should be aware that the disposition of shares by them may have tax consequences both in those jurisdictions and in Canada, and are urged to consult their tax advisors with respect to their particular circumstances and the tax considerations applicable to them.

Any information concerning any properties and operations of the Company has been prepared in accordance with Canadian standards under applicable Canadian securities laws, and may not be comparable to similar information for United States companies.

If financial statements are included or incorporated by reference herein, they have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and are subject to auditing and auditor independence standards in Canada. Such consequences for the Company Shareholders who are resident in, or citizens of, the United States may not be described fully in this Circular.

The enforcement by the Company Shareholders of civil liabilities under the United States federal securities laws may be affected adversely by the fact that the Company is incorporated or organized under the laws of a foreign country, that some or all of their officers and directors and the experts named herein are residents of a foreign country and that the major assets of the Company are located outside the United States.

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

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

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

The board of directors (the "**Board**") of the Company has fixed January 9, 2019 as the record date (the "**Record Date**") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

The Company is authorized to issue an unlimited number of Common Shares; which Common Shares are listed for trading on the Canadian Securities Exchange (the "**CSE**"). As of January 9, 2019 there were **87,648,091** Common Shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares.

#### *Going Public Transaction*

On October 9, 2018, the Company completed a public offering of common shares by way of prospectus offering (the "**Prospectus Offering**"). Following closing of the Prospectus Offering, the Company listed

its shares for trading on the Canadian Securities Exchange (the “CSE”). The Common Shares began trading on the CSE under the symbol “PWR” on October 10, 2018.

#### *No Principal Holders of Voting Securities*

To the knowledge of the directors and executive officers of the Company, the only persons or corporations that beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common of the Company as at January 9, 2019 was:

<b><u>Shareholder Name</u></b>	<b><u>Number of Common Shares Held<sup>(1)</sup></u></b>	<b><u>Percentage of Issued Common Shares</u></b>
Greenbriar Capital Corp.	10,687,500 <sup>(2)</sup>	12%

Notes:

(1) The above information was supplied to the Company by the shareholder and from the insider reports available at [www.sedi.ca](http://www.sedi.ca).

(2) Jeff Ciachurski, the Chief Executive Officer and a director of the Company, is the Chief Executive Officer and a director of Greenbriar Capital Corp. and has control or direction over the Common Shares owned by Greenbriar Capital Corp.

#### *Documents Incorporated by Reference*

The following documents filed with the securities commissions or similar regulatory authority in each of the Provinces of Alberta, British Columbia and Ontario at [www.sedar.com](http://www.sedar.com) are specifically incorporated by reference into, and form an integral part of, this Information Circular:

- The audited financial statements of the Company for the financial year ended October 31, 2017 and the related management’s discussion and analysis as SEDAR filed on February 28, 2018.
- The unaudited financial statements of the Company for the three-month period ended January 31, 2018, and the related management’s discussion and analysis as SEDAR filed on March 29, 2018.
- The unaudited financial statements of the Company for the six-month period ended April 30, 2018, and the related management’s discussion and analysis as SEDAR filed on June 29, 2018.
- The unaudited financial statements of the Company for the three-month period ended July 31, 2018, and the related management’s discussion and analysis as SEDAR filed on September 28, 2018.

Copies of documents incorporated herein by reference may also be obtained by a Shareholder upon request without charge from the Company’s Chief Financial Officer at 632 Foster Ave, Coquitlam, BC V3J 2L7, or at [abalic@katunicapital.com](mailto:abalic@katunicapital.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 Company’s auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

### **ELECTION OF DIRECTORS**

The size of the Board was set by resolution of the directors at four directors. Accordingly, to continue the current number of directors and pursuant to the Articles of the Company (the “Articles”) the Board has

not changed the number of directors to be elected and four (4) directors will be elected at the Meeting. Shareholders are asked to consider the persons set forth in the table below as director nominees, and to vote at the Meeting to elect them as directors for the ensuing year.

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

*Advance Notice Provision*

Pursuant to the Advance Notice Provisions contained in the Articles, the Board has determined that notice of nominations of persons for election to the Board at the Meeting must be made following the requirements of such Advance Notice Provisions. To the date of this Information Circular, the Company has not received notice of a nomination in compliance with the Articles and, subject to the timely receipt of any such nomination, any nominations other than nominations by or at the direction of the Board or an authorized officer of the Company will be disregarded at the Meeting.

The following table sets out the names of management's four nominees for election as director, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment (for the last five years for each director nominee), the period of time during which each has been a director of the Company and the number of Common Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, at January 9, 2019.

<b>Name of Nominee; Current Position with the Company and Province and Country of Residence</b>	<b>Period as a Director of the Company</b>	<b>Present Principal Occupation</b>	<b>Common Shares Beneficially Owned or Controlled<sup>(1)</sup></b>
<b>Jeffrey Ciachurski<sup>(6)</sup></b> Chief Executive Officer and Director Coquitlam, B.C, Canada	Since November 2015	CEO and director of Greenbriar Capital Corp. (TSXV) from September 2009 to present. CEO and director of Captiva Verde Industries Ltd. (CSE) from September 2013 to September 2016. CEO and director of Western Wind Energy Corp. (TSXVOTCQX) from January 1998 to March 2013.	2,086,000 <sup>(2)</sup>
<b>Michael Boyd<sup>(6)</sup></b> Director Tucson, AZ, USA	Since April 2017	Vice President and director of Western Wind Energy Corp. (TSXV, OTCOX) from 2004 to 2013. Director of Captiva Verde Industries Ltd. (CSE) from September 2014 to December 2016. Director of Greenbriar Capital Corp. (TSXV) from June 2011 to present.	355,000 <sup>(3)</sup>

<b>Name of Nominee; Current Position with the Company and Province and Country of Residence</b>	<b>Period as a Director of the Company</b>	<b>Present Principal Occupation</b>	<b>Common Shares Beneficially Owned or Controlled<sup>(1)</sup></b>
<b>Orest Kostecki</b> Director Kitchener, ON, Canada	Since April 2017	Vice President of Sales for Canadian Spirit Inc. from September 2016 to present. National Sales Director in Canada for Phillips Van Heusen from December 2005 to February 2016.	1,486,300 <sup>(4)</sup>
<b>James Taylor<sup>(6)</sup></b> Director Surrey, BC, Canada	Since April 2017	Registered Investment Advisor for various firms including, Canaccord Investment Corp., and Yorkton Securities from 1980 to 2016. Investment advisor for Dundee Goodman from April 2014 to April 2016. Investment advisor for Richardson GMP from January 2011 to April 2014.	600,000 <sup>(5)</sup>

Notes:

1. The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
2. Mr. Ciachurski also holds options to purchase an additional 750,000 Common Shares at \$0.11 each, expiring November 29, 2023.
3. Mr. Boyd also holds options to purchase an additional 750,000 Common Shares at \$0.11 each, expiring November 29, 2023.
4. Mr. Kostecki also holds options to purchase an additional 750,000 Common Shares at \$0.11 each, expiring November 29, 2023.
5. Mr. Taylor also holds options to purchase an additional 750,000 Common Shares at \$0.11 each, expiring November 29, 2023.
6. Member of Audit Committee.

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

### **Penalties, Sanctions and Cease Trade Orders**

No proposed director is, as at the date of this information circular, or has been, within ten (10) years before the date of this information circular, a director, chief executive officer or chief financial officer of any company (including the Company, in respect of which the information circular is being prepared) that:

- a. was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- 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

- c. 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; or
- d. has, within the ten (10) 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.

**Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the election of the nominees named herein as directors of the Company until the close of the next annual general meeting.**

#### **APPOINTMENT OF AUDITOR**

At the Meeting the Board will nominate Wasserman Ramsay LLP, Chartered Professional Accountants, for appointment as auditor of the Company for the ensuing year. Wasserman Ramsay LLP, Chartered Professional Accountants was first appointed as auditor of the Company effective June 5, 2017.

**Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the appointment of Wasserman Ramsay LLP, Chartered Professional Accountants, as auditor of the Company until the close of the next annual general meeting.**

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

The provisions of National Instrument 52-110 – *Audit Committees* (“**NI52-110**”) 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 below.

##### **The Audit Committee’s Charter**

The audit committee has a charter, a copy of which is attached as Schedule “A” to this Information Circular.

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

Members of the audit committee are Messrs. Jeffrey Ciachurski, Michael Boyd and James Taylor. Mr. Boyd and Mr. Taylor are the independent members of the audit committee. Mr. Ciachurski is not independent as he is the CEO of the Company. All audit committee members are considered to be financially literate.

An audit committee member is independent if the member has no direct or indirect material relationship with the Corporation that could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgment.

An audit committee member is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

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

Each member of the Company’s audit committee has adequate education and experience relevant to their performance as an audit committee member and, in particular, the requisite education and experience that provides the member with:



- (a) an understanding of the accounting principles used by the Company 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 Company's financial statements or experience actively supervising individuals engaged in such activities; and
- (c) an understanding of internal controls and procedures for financial reporting.

See further information for each audit committee member below.

***Jeffrey Ciachurski – CEO – Non-Independent Director***

As CEO of Greenbriar Capital Corp. for 9 years, Mr. Ciachurski is the principal executive officer and advisor representing the operating and management team to the Board of Directors. Mr. Ciachurski formulates the mission statement and growth plans, appoints and designates senior management personnel, defines geographic areas of responsibility and engages senior independent consultants. Mr. Ciachurski maintains continuous and proactive relationships with leading retail and institutional shareholders, and maintains close associations with the banking and project finance community. Mr. Ciachurski launched Greenbriar after an 11-year career as CEO and director of Western Wind Energy Corp., which was subject to a take-over bid by Brookfield Renewable Energy Partners in March 2013.

***Michael Boyd – Independent Director***

Mr. Boyd held the position of Executive Vice President Communications for Western Wind Energy from 2004 to 2013. For the period from 2003 to 2008, Mr. Boyd was an elected board member for the Central Arizona Water Conservation District, which is Arizona's largest water utility and power consumer. Prior to that position, Mr. Boyd was a news anchor and reporter for three Arizona television stations. Mr. Boyd is a graduate of the University of California, Los Angeles.

***James Taylor – Independent Director***

Mr. Taylor was a Registered Investment Advisor for the period from 1980 to 2016 and has worked with various investment firms including, Canaccord Investment Corp., Yorkton Securities and Richardson GMP. Mr. Taylor has been involved in numerous exploration and venture companies which have become successful major companies.

**Audit Committee Oversight**

The audit committee has not made any recommendations to the Board to nominate or compensate any auditor other than Wasserman Ramsay LLP.

**Reliance on Certain Exemptions**

At no time has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis* Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

The Company is a "venture issuer" as defined in NI 52-110 and is relying on the exemptions in section 6.1 of NI 52-110 relating to Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*).

**Pre-Approval Policies and Procedures**

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

## External Auditor Service Fees

The audit committee has reviewed the nature and amount of the non-audit services provided by Wasserman Ramsay LLP to the Company to ensure auditor independence. Fees incurred with Wasserman Ramsay LLP 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 October 31, 2017	Fees Paid to Auditor in for the Period from incorporation and ending October 31, 2016
Audit Fees <sup>(1)</sup>	\$5,875	\$4,350
Audit-Related Fees <sup>(2)</sup>	\$4,375	nil
Tax Fees <sup>(3)</sup>	nil	nil
All Other Fees <sup>(4)</sup>	nil	nil
Total	\$10,250.00	\$4,350

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the consolidated 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.

## CORPORATE GOVERNANCE

### General

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 Company. A "material relationship" is a relationship which could, in the opinion of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Board facilitates its independent supervision over management by conducting quarterly reviews of the Company's consolidated financial statements and management discussion and analysis as well as requiring material transactions to be approved by the Board prior to the transaction taking place.

The independent Board members are Orest Kostecki, Michael Boyd and James Taylor. The non-independent director is Jeffrey Ciachurski, CEO.

## Directorships

The current directors are board members of other reporting issuers as follows:

Name of Director	Name of Reporting Issuer	Exchange
Jeff Ciachurski	Greenbriar Capital Corp.	TSX-V
Michael Boyd	Greenbriar Capital Corp.	TSX-V

## Orientation and Continuing Education

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

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

## Ethical Business Conduct

The Board finds that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

## Nomination of Directors

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

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

## Compensation

Non-executive directors of the Company were not paid fees for the year ending October 31, 2017. Directors of the Company will be reimbursed for any out-of-pocket travel expenses incurred in order to attend meetings of the Board of Directors, committees of the Board of Directors or meetings of the shareholders of the Company. It is anticipated that the Company will obtain customary insurance for the benefit of its directors and that the Company will enter into indemnification agreements with each director and officer.

## Other Board Committees

The Board has no 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 its audit committee.

## STATEMENT OF EXECUTIVE COMPENSATION

The following information is provided as required under *Statement of Executive Compensation – Venture Issuer*, Form 51-102F6V (the “**F6V**”), as such form is defined in National Instrument 51-102 (“**NI 51-102**”) and relates to the Company’s year ended October 31, 2017 and the period from incorporation to October 31, 2016.

References in the F6V to “**compensation securities**” includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, all share compensation 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.

All currency references in this section are expressed in United States dollars unless otherwise specified. A reference to **C\$** means Canadian dollars.

### *Named Executive Officer*

In this section “Named Executive Officer” (“**NEO**”) means any individual who, during the Company’s most recently completed financial year ended October 31, 2017 was:

- (a) the chief executive officer (“**CEO**”) (or an individual who acted in a similar capacity) of the Company;
- (b) the chief financial officer (“**CFO**”) (or an individual who acted in a similar capacity) of the Company;
- (c) each of the three other most highly compensated executive officers of the Company or any of its subsidiaries or the three most highly compensated individuals acting in a similar capacity (except those whose total salary and bonus does not exceed C\$150,000); and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer nor a director of the Company or any of its subsidiaries, nor acting in a similar capacity, at the end of the Company’s fiscal years ended October 31, 2017 and 2016.

For the purposes of this section, the following are the NEOs: Jeffrey Ciachurski, Chief Executive Officer and director; and Anthony Balic, Chief Financial Officer.

During the year ended October 31, 2017 and the period from incorporation to October 31, 2016, the following persons were directors of the Company who were not also NEOs: Orest Kostecki, director; Michael Boyd, director; and James Taylor, director.

## Director and NEO compensation, excluding compensation securities

The following table sets forth all annual and long term compensation for services paid to or earned by each of the NEOs and directors during the Company’s year ended October 31, 2017 and the period from incorporation to October 31, 2016.

Table of compensation excluding compensation securities							
Name and Principal Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of Perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Jeffrey Ciachurski Chief Executive Officer and Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Anthony Balic Chief Financial Officer	2017	\$30,000	Nil	Nil	Nil	\$15,000	\$45,000 <sup>(1)</sup>
	2016	N/A	N/A	N/A	N/A	N/A	N/A
Orest Kostecki Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Michael Boyd Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
James Taylor Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

1. Mr. Balic was paid \$30,000 for the first three quarters of the fiscal year and \$15,000 for the year end.

## Stock Options and Other Compensation Securities

### Summary of Stock Option Plan

The Company has an incentive-based compensation plan, being the rolling stock option plan (the “**Stock Option Plan**”) which was adopted by the Board on October 12, 2017. The Stock Option Plan is designed to promote the long-term success of the Company by strengthening the ability of the Company to attract and retain highly competent employees and by promoting greater alignment of interests between executives and shareholders in the creation of long-term shareholder value. A copy of the Stock Option Plan is available under the Company’s profile at [www.sedar.com](http://www.sedar.com).

The purpose of granting stock options (“**Options**”) is to assist the Company in compensating, attracting, retaining and motivating its executive officers and to closely align the personal interests of such persons to that of the shareholders. No options were granted during the years ended October 31, 2017 or 2016.

On November 29, 2018, the Company granted an aggregate of 3,750,000 incentive stock options to certain directors and officers of the Company with an exercise price of \$0.11 per common share for a period of 5 years.

The Board has the authority either to grant Options or has the authority to delegate to any Board committee (the “**Committee**”) appointed for the purpose of compensating the Company’s directors, officers, employees and consultants) the ability to grant Options to the Company’s directors, management, employees and consultants. Options can be granted, from time to time at the sole discretion of the Board or the Committee, to persons eligible to receive Options under the Stock Option Plan. Option exercise prices are set in accordance with CSE policies.

In determining the number of Options to be granted to the executive officers, the Board considers a number of factors including the amount and term of Options previously granted, base salary and annual performance incentives awarded to the executives and commensurate with those offered by other

companies in our industry; and the exercise price of any outstanding options to ensure that such grants are in accordance with CSE policies. Options vest on terms established by the Board at the time of grant

The Stock Option Plan is a rolling plan. Under the Plan, options totalling a maximum of 10% of the Common Shares outstanding from time to time are available for grant.

As at January 9, 2019 there were **87,648,091** Common Shares issued and outstanding. Accordingly, under the Stock Option Plan the Company has the authority to grant options to purchase up to a total of 8,764,809 Common Shares. At the date of this Information Circular, options to purchase an aggregate of 3,750,000 Common Shares are granted and outstanding under the Stock Option Plan, representing 4.28% of the outstanding Common Shares.

### ***Stock Option Grants***

During Company's year ended October 31, 2017 and the period from incorporation to October 31, 2016 there were no options granted.

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

During Company's year ended October 31, 2017 and the period from incorporation to October 31, 2016 no options were exercised.

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

Other than as set out herein, the Company has no agreements or arrangements under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the Company or any of its subsidiaries that were performed by a director or NEO.

The Company currently does not have management contracts

### **Oversight and description of director and NEO compensation**

#### ***Compensation Review Process***

The Board determines the compensation of its executive officers. In determining compensation, the Board considers industry standards and financial situation but does not currently have any formal objectives or criteria. The performance of each executive officer is informally monitored by the Board having in mind the business strengths of the individual and the purpose of originally appointing the individual as an officer.

The Company does not have a compensation committee. The Board has not adopted any specific policies or practices to determine the compensation for the Company's directors and executive officers other than as disclosed above.

#### ***Elements of Executive Compensation Program***

The Company's compensation program consists of the following elements:

- (a) base salary or consulting fees;
- (b) bonus payments; and
- (c) equity participation through the Stock Option Plan.

### Base Salary or Consulting Fees

Base salary ranges for NEOs were initially determined upon review of salaries paid by other companies that are comparable in size to the Corporation.

In determining the base salary of a NEO, the Board considers the following factors:

- (a) the particular responsibilities related to the position;
- (b) salaries paid by other companies in the same industry, which were similar in size and stage of development as the Corporation;
- (c) the experience level of the NEO;
- (d) the amount of time and commitment which the NEO devotes to the Company; and
- (e) the NEO's overall performance and performance in relation to the achievement of corporate milestones and objectives.

### Bonus Payments

Each of the NEOs, as well as all employees, are eligible for an annual bonus, payable in cash or through option-based compensation. The amount paid is based on the Board's assessment of the Company's performance for the year. Factors considered in determining bonus amounts include individual performance, financial criteria (such as cash management and share price performance) and operational criteria (such as significant acquisitions of licensed cannabis operations and the attainment of corporate milestones).

### Equity Participation

The Company currently offers equity participation in the Company through the Stock Option Plan.

### Executive Compensation

Except for the grant of incentive stock options, there are no arrangements under which NEOs were compensated by the Corporation during the two most recently completed financial years for their services in their capacity as NEOs, directors or consultants.

### Director Compensation

There were no arrangements under which directors were compensated by the Company during the two most recently completed financial years for their services in their capacity as directors.

### Share-based Awards – Equity Compensation Plan

The Board has not adopted and the Company has not approved any equity compensation plans utilizing share-based awards.

### Option-based Awards – Stock Option Plan

On October 12, 2017, the Board adopted the Stock Option Plan, a “rolling” stock option plan, pursuant to which the Board may from time to time, at its discretion, and in accordance with CSE requirements, grant to directors, officers, employees and consultants, non-assignable and non-transferable options to purchase the Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the then issued and outstanding Common Shares. See “Stock Options and Other Compensation Securities – Summary of the Stock Option Plan,” above.

## **Actions, Decisions, Policies made after the Company's October 31, 2017 Financial Year End**

On October 9, 2018, under the Company's long form prospectus dated September 20, 2018, the Company completed a prospectus offering of 5,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$500,000 (the "**Prospectus Offering**"). Following closing of the Prospectus Offering, the Company completed a listing of its common shares on the Canadian Securities Exchange.

On October 9, 2018, in conjunction with the Prospectus Offering, the Company completed its acquisition of a 50% undivided interest in a property located in Tehachapi, California (the "**Acquisition**"). In consideration for the Acquisition, the Company issued 10,687,500 shares to Greenbriar Capital Corp. at a deemed price of \$0.20 per share.

On November 13, 2018, the Company closed a private placement and issued 2,000,000 units at \$0.14 per unit for gross proceeds of \$280,000. Each unit comprises one common share and one half of one common share purchase warrant with a whole warrant exercisable into one common share at a price of \$0.25 for a period of one year from the date of closing.

On November 30, 2018 the Company granted an aggregate of 3,750,000 stock options to certain directors and officers of the Company. Each option is exercisable at a price of \$0.11 for a period of 5 years.

### **Pension Disclosure**

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

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

See disclosure under "*Stock Options and Other Compensation Securities*" under "*Statement of Executive Compensation*" above for disclosure on the Company's equity compensation regime.

The following table sets out equity compensation plan information as at the end of the financial year ended October 31, 2017, when there was 69,660,591 Common Shares outstanding. Accordingly, there was an aggregate maximum of 6,966,059 Common Shares available for exercise of Options pursuant to the Stock Option Plan.

#### **Equity Compensation Plan Information**

	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
<b>Plan Category</b>	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Equity compensation plans to be approved by securityholders - (the Plan)	Nil	N/A	6,966,059
Equity compensation plans not approved by securityholders	N/A	N/A	Nil
Total	Nil	N/A	6,966,059

### **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 Company were indebted to the Company or have any indebtedness that is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company, as of the end of the most recently completed financial year or as at the date hereof.



## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Company, no informed person (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Company 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 Company or any of its subsidiaries during the year ended October 31, 2017, or has any interest in any material transaction in the current year or as of the date hereof other than as set out herein.

## MANAGEMENT CONTRACTS

There are no management functions of the Company, which are to any substantial degree performed by a person or company other than the directors or executive officers of the Company.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### *Items of Business*

1. Presentation of Financial Statements – see page 5 above;
2. Election of Directors – see page 5 above; and
3. Appointment of Auditor – see page 8 above.
4. Ratification of Option Plan – see page 17 below:

### **Ratification of the Option Plan**

On October 12, 2017, the board of directors approved the adoption of a 10% rolling option plan (the “Plan”). Under the Plan, an aggregate of 10% of the issued and outstanding Common Shares at the time an option is granted, less any outstanding options, are available for issuance to eligible optionees.

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

As the Company is now listed on the CSE, pursuant to CSE policies covering option grants, namely CSE Policy 6.5, the Company must:

- (a) not grant options with an exercise price lower than the greater of the closing market prices of the underlying securities on (a) the trading day prior to the date of grant of the options; and (b) the date of grant of the options;
- (b) comply with the provisions of National Instrument 45-106 – *Prospectus Exempt Distributions* (“NI 45-106”), under which the Company is deemed to be an “unlisted issuer” for the purposes of Division 4 of NI 45-106;
- (c) post notice of option grants or amendments in CSE Form 11 immediately following each grant of options by the Company;
- (d) upon first grant of options under the Option Plan, the Company must provide the CSE with an opinion of counsel that all the securities issuable under the option plan will be duly issued and be outstanding as fully paid and non-assessable shares;
- (e) terms of an option granted under the Plan may not be amended once issued. If an option is cancelled prior to its expiry date, the company must post notice of the cancellation and shall not grant new options to the same person until 30 days have elapsed from cancellation of the previous options.

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

### ***Eligible Optionees***

To be eligible to receive a grant of options under the Plan an Optionee must be an executive, or an employee, or a consultant of the Company providing services to the Company or a subsidiary at the time the option is granted.

### ***Restrictions***

The Plan is subject to the following restrictions:

- (a) The maximum number of Options granted to any one Option Holder within any 12 month period shall be 5% of the Outstanding Common Shares issued, unless the company has obtained disinterested shareholder approval if required under regulations, to do so;
- (b) If required under regulations to do so, the Company must obtain disinterested shareholder approval, in order to grant to Insiders under the Plan within a 12 month period, a number of Options which, when added to the number of outstanding Options granted to Insiders within the previous 12 months, will exceed 10% of the issued Common Shares;
- (c) The maximum number of Options which may be granted to any one Consultant within any 12 month period must not exceed 2% of the issued Common Shares;
- (d) The maximum number of Options that may be granted within any 12 month period to Employees or Consultants engaged in investor relations activities must not exceed 2% of the issued Common Shares, and such Options must vest in stages over 12 months with no more than 25% of the Options vesting in any three month period, and such limitation will not be an amendment to the Plan requirement the Option Holders consent.

### ***Administration and Terms of the Plan:***

- (a) The Plan is administered by the Board or its appointed committee.
- (b) The expiry date of an Option shall be no later than the tenth anniversary of the date of grant of the Option.
- (c) Grant and expiry dates, the exercise price, the vesting schedule and the number of Common Shares which may be purchased pursuant to an Option shall be fixed by the Board or its committee appointed to grant options.
- (d) The Company may implement such procedures and conditions as the Board or its committee 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.
- (e) 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 (as defined in the Plan, generally meaning circumstances where sensitive negotiations or other like information is not yet public), options may not be exercised during a Black-Out unless the Board or its appointed Committee determines otherwise.
- (f) An Option granted to any Option Holder will continue intact during any military or sick leave or other *bona fide* leave of absence if the period of such leave does not exceed 90 days (or, if longer, for so long as the Option Holder's right to re-employment or re-engagement by the Company is guaranteed either by statute or by contract.) If the period of such leave exceeds 90 days and the Option Holder's re-employment or re-engagement is not so guaranteed, then his or her employment or engagement shall be deemed to have terminated on the 91<sup>st</sup> day of such leave.
- (g) An Option may be exercised only by the Option Holder or the Personal Representative of any Option Holder, who may exercise an Option in whole or in part at any time and from time to time following vesting and up to the expiry of the Option by delivering the required notice and

payment pursuant to the terms of the Plan. Options may not be exercised during a Black-Out unless the Board or its appointed committee determines otherwise.

- (h) The Board reserves the right, subject to regulatory requirements, 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. Where any amendment relates to an existing Option, if the amendment would:
- materially decrease the rights or benefits accruing to an Option Holder; or
  - materially increase the obligations of an Option Holder;

then, unless otherwise excepted out by the Plan, the Committee must also obtain the written consent of the Option Holder in question to such amendment. If at the time the exercise price of an Option is reduced the Option Holder is an Insider of the Company, the Insider must not exercise the option at the reduced exercise price until the reduction in exercise price has been approved by the disinterested shareholders of the Company, if such disinterested shareholder approval is required by the Exchange.

- (i) A copy of any amendment to the Plan shall be promptly provided by the Administrator to each Option Holder.

A copy of the Plan is available under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

At the Meeting, shareholders will be asked to consider, and if deemed advisable, to pass, with or without variation, an ordinary resolution to ratify, confirm and approve the adoption of the Company's Plan.

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.

### ***Shareholder Approval***

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

**"RESOLVED** as an ordinary resolution, that:

- (a) the Share Option Plan dated for reference October 12, 2017 (the "**Plan**") be ratified, confirmed and approved;
- (b) the number of Common Shares of the Company reserved for issuance under the Plan shall not exceed 10% of the Company's issued and outstanding share capital at the time any stock option is granted; and
- (c) Any one or more of the directors or officers of the Company be authorized to perform all such acts, deeds and things and execute all such documents that may be required to give effect to this resolution."

**Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the ratification of the Company's Stock Option Plan.**

### **ADDITIONAL INFORMATION**

Financial information is provided in the audited consolidated financial statements of the Company for the year ended October 31, 2017, the report of the auditor and in the related management discussion and analysis, as well as in the interim financial statements for the periods ended January 31, 2018, April 30,

2018 and July 31, 2018 and the related management discussion and analysis (together, the “Financial Statements”). Copies of the Financial Statements are available on [www.sedar.com](http://www.sedar.com) and will be available at the Meeting.

Additional information relating to the Company is available as filed on [www.sedar.com](http://www.sedar.com) and upon request from the Company’s Chief Financial Officer at Suite 632 Foster Avenue, Coquitlam, BC, V3J 2L7, Tel: or at [abalic@katunicapital.com](mailto:abalic@katunicapital.com). Copies of documents will be provided free of charge to security holders of the Company. The Company may require the payment of a reasonable charge from any person or company who is not a security holder of the Company, who requests a copy of any such document.

#### **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 Information Circular.

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

**APPROVED** by the Board at Vancouver, British Columbia, this 16<sup>th</sup> day of January, 2018.

**BY ORDER OF THE BOARD**

*“Jeffrey Ciachurski”*

**Jeffrey Ciachurski**  
**Chief Executive Officer**

## **SCHEDULE A**

### **CAPTIVA VERDE LAND CORP. (the “Company”)**

#### **AUDIT COMMITTEE CHARTER**

##### **1. Mandate**

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.