



**SCOPE TECHNOLOGIES CORP.**  
1000 – 1055 West Hastings Street  
Vancouver, BC V6E 2E9

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**  
**TO BE HELD ON NOVEMBER 25, 2024**  
**AND**  
**MANAGEMENT INFORMATION CIRCULAR**

**October 24, 2024**

*This document requires immediate attention. If you are in doubt as to how to deal with the documents or matters referred to in this Notice of Annual General Meeting of Shareholders or this Management Information Circular, you should immediately contact your advisor.*

**SCOPE TECHNOLOGIES CORP.**  
1000 – 1055 West Hastings Street  
Vancouver, BC V6E 2E9

**MANAGEMENT INFORMATION CIRCULAR**

**FOR**

**THE ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON NOVEMBER 25, 2024**

**This Management Information Circular (this “Information Circular”) contains information as at October 24, 2024, unless otherwise stated.**

**INTRODUCTION**

Scope Technologies Corp. (the “Company”) is providing this Information Circular and a form of proxy in connection with management’s solicitation of proxies for use at the annual general meeting (the “Meeting”) of shareholders (the “Shareholders”) of the Company to be held at Suite 704, 595 Howe Street, Vancouver, British Columbia on November 25, 2024 at 10:00 a.m. (Vancouver Time), or at any adjournment or postponement thereof.

All references to Shareholders are to registered holders of common shares (“Common Shares”) in the capital of the Company, unless specifically stated otherwise.

**Date and Currency**

The date of this Information Circular is October 24, 2024. Unless otherwise stated, all amounts herein are in Canadian dollars.

**MANAGEMENT SOLICITATION OF PROXIES**

The solicitation of proxies by management of the Company will be conducted by mail and may be supplemented by telephone or other personal contact to be made, without special compensation, by the directors, officers and employees of the Company. The Company does not reimburse Shareholders, nominees or agents for costs incurred in obtaining from their principals authorization to execute forms of proxy, except that the Company has requested brokers and nominees who hold stock in their respective names to furnish this proxy material to their customers, and the Company may reimburse such brokers and nominees for their related out of pocket expenses. No solicitation will be made by specifically engaged employees or soliciting agents. The Company will bear the cost of the solicitation.

No person has been authorized to give any information or to make any representation other than as contained in this Information Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Information Circular shall not create, under any circumstances, any implication that there has been no change in the information set forth herein since the date of this Information Circular. This Information Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized, or in which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer of solicitation.

**APPOINTMENT AND REVOCATION OF PROXY**

**Appointment of Proxy**

Registered Shareholders are entitled to vote. A Shareholder is entitled to one vote for each Common Share that such Shareholder holds on the record date of October 16, 2024, on the resolutions to be voted upon at the Meeting, and any other matter to come before the Meeting. The persons named as proxyholders (the “Designated Persons”) in the enclosed form of proxy are directors and/or officers of the Company.

**A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON OR COMPANY (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR OR ON BEHALF OF THAT SHAREHOLDER AT THE MEETING, OTHER THAN THE DESIGNATED PERSONS NAMED IN THE ENCLOSED FORM OF PROXY.**

**TO EXERCISE THE RIGHT, THE SHAREHOLDER MAY DO SO BY STRIKING OUT THE PRINTED NAMES AND INSERTING THE NAME OF SUCH OTHER PERSON AND, IF DESIRED, AN ALTERNATE TO SUCH PERSON, IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY. SUCH SHAREHOLDER SHOULD NOTIFY THE NOMINEE OF THE APPOINTMENT, OBTAIN THE NOMINEE'S CONSENT TO ACT AS PROXY AND SHOULD PROVIDE INSTRUCTION TO THE NOMINEE ON HOW THE SHAREHOLDER'S COMMON SHARES SHOULD BE VOTED. THE NOMINEE SHOULD BRING PERSONAL IDENTIFICATION TO THE MEETING.**

A proxy may not be valid unless it is dated and signed by the Shareholder who is giving it or by that Shareholder's attorney-in-fact duly authorized by that Shareholder in writing or, in the case of a corporation, dated and executed by a duly authorized officer or attorney-in-fact for the corporation. If a form of proxy is executed by an attorney-in-fact for an individual Shareholder or joint Shareholders, or by an officer or attorney-in-fact for a corporate Shareholder, the instrument so empowering the officer or attorney-in-fact, as the case may be, or a notarial certified copy thereof, must accompany the form of proxy.

#### **Revocation of Proxies**

A Shareholder who has given a proxy may revoke it at any time before it is exercised by an instrument in writing: (a) executed by that Shareholder or by that Shareholder's attorney-in-fact authorized in writing or, where the Shareholder is a corporation, by a duly authorized officer of, or attorney-in-fact for, the corporation; and (b) delivered either: (i) to the Company at the address set forth above, at any time up to and including the last business day preceding the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (ii) to the Chairman of the Meeting prior to the vote on matters covered by the proxy on the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (iii) in any other manner provided by law.

Also, a proxy will automatically be revoked by either (i) attendance at the Meeting and participation in a poll (ballot) by a Shareholder or (ii) submission of a subsequent proxy in accordance with the foregoing procedures. A revocation of a proxy does not affect any matter on which a vote has been taken prior to any such revocation.

#### **VOTING BY PROXY**

**Only registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting.** Common Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the Shareholder on any ballot that may be called for and if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

**If a Shareholder does not specify a choice and the Shareholder has appointed one of the Designated Persons as proxyholder, the Designated Person will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management of the Company at the Meeting.**

**The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting.** At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

In the case of abstentions from, or withholding of, the voting of the common shares on any matter, the common shares that are the subject of the abstention or withholding will be counted for the determination of quorum, but will not be counted as affirmative or negative on the matter to be voted upon.

#### **COMPLETION AND RETURN OF PROXY**

In order to be voted, the completed form of proxy must be received by the Company's registrar and transfer agent, Endeavor Trust Corporation at their offices located at 702 - 777 Hornby Street, Vancouver, BC V6Z 1S4 by mail or fax, no later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting, or adjournment thereof, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

## NON-REGISTERED HOLDERS

**Only Shareholders whose names appear on the records of the Company as the registered holders of shares or duly appointed proxyholders are permitted to vote at the Meeting.** Most Shareholders of the Company are "non-registered" Shareholders because the shares they own are not registered in their names but instead registered in the name of a nominee such as a brokerage firm through which they purchased the shares; bank, trust company, trustee or administrator of self-administered RRSP's, RRIF's, RESP's and similar plans; or clearing agency such as The Canadian Depository for Securities Limited, in Canada, and the Depository Trust Company, in the United States (a "Nominee"). If you purchased your shares through a broker, you are likely a non-registered holder.

If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form, as your vote will be taken at the Meeting.

Non-registered holders who have not objected to their Nominee disclosing certain ownership information about themselves to the Company are referred to as "non-objecting beneficial owners" ("NOBOs"). Those non-registered holders who have objected to their Nominee disclosing ownership information about themselves to the Company are referred to as "objecting beneficial owners" ("OBOs").

In accordance with the requirements of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101"), the Company has elected to send the Meeting materials directly to NOBOs and OBOs through Nominees. The Nominees (or their service companies) are responsible for forwarding the Meeting Materials to NOBOs and OBOs.

If the Company or its agent has sent these materials directly to you (instead of through a Nominee), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding on your behalf. By choosing to send these materials to you directly, the Nominee holding on your behalf has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions.

The Company does not intend to pay for Nominees to deliver the Meeting materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* to OBOs. As a result, OBOs will not receive the Meeting materials unless their Nominee assumes the costs of delivery.

The Company is not sending the Meeting materials to Shareholders using "notice-and-access", as defined under NI 54-101.

## REVOCABILITY OF PROXY

In addition to revocation in any other manner permitted by law, a Shareholder, his attorney authorized in writing or, if the Shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting.

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

No director or executive officer of the Company who was a director or executive officer since the beginning of the Company's last financial year, each proposed nominee for election as a director of the Company, or any associate or affiliates of any such directors, officers or nominees, has any material interest, direct or indirect, by way of beneficial ownership of Common Shares or other securities in the Company or otherwise, in any matter to be acted upon at the Meeting other than the election of directors.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Company's authorized share capital consists of an unlimited number of Common Shares without par value. As of the record date, being close of business on October 16, 2024, a total of 50,700,001 Common Shares were issued and outstanding.

Each Common Share carries the right to one vote at the Meeting. Persons who are registered Shareholders as of the record date will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each Common Share held.

Except as set forth below, to the knowledge of the directors and executive officers of the Company, no person beneficially owns, controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all shares of the Company.

<b>Name of Shareholder</b>	<b>Number of Common Shares Held</b>	<b>Percentage of Outstanding Common Shares</b>
Ovryde Ltd.	5,300,000	10.45%

#### **NUMBER OF DIRECTORS**

The Articles of the Company provide for a board of directors of no fewer than three directors and no greater than a number as fixed or changed from time to time by majority approval of the Shareholders.

The board of directors of the Company (the “Board”) currently consists of five (5) directors, all of whom are elected annually. The term of each of the present directors of the Company expires at the Meeting. At the Meeting, the Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution fixing the number of directors to be elected at the Meeting at five (5).

**Management recommends the approval of the resolution to set the number of directors of the Company at five (5).**

#### **ELECTION OF DIRECTORS**

At present, the directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting of Shareholders or until their successors are duly elected or appointed in accordance with the Company’s Articles or until such director’s earlier death, resignation or removal. In the absence of instructions to the contrary, the enclosed Form of Proxy will be voted for the nominees listed in the Form of Proxy, all of whom are presently members of the Board.

Management of the Company proposes to nominate the persons named in the table below for election by the Shareholders as directors of the Company. Information concerning such persons, as furnished by the individual nominees, is as follows:

<i>Name, Province, Country of Residence and Position(s) with the Company</i>	<i>Periods During which Nominee has Served as a Director</i>	<i>Principal Occupation, Business or Employment for the Last Five Years</i>	<i>Number of Common Shares Owned, Controlled, Directed, Director or Indirectly<sup>1</sup></i>
<b>James Young</b> British Columbia, Canada Chief Executive Officer and Director	Since April 29, 2024	Chief Executive Officer of the Company; Senior Information Technology Recruitment Consultant of Lock Search Group from May 2023 to April 2024; Vice President, Corporate Communications and Co-Founder of Good Gamer Entertainment Inc. from September 2019 to May 2023; and President and Co-Founder of Market Jar Media Inc. from May 2018 to May 2023;	Nil

<i>Name, Province, Country of Residence and Position(s) with the Company</i>	<i>Periods During which Nominee has Served as a Director</i>	<i>Principal Occupation, Business or Employment for the Last Five Years</i>	<i>Number of Common Shares Owned, Controlled, Directed, Director or Indirectly<sup>1</sup></i>
<b>Alan Tam</b>  British Columbia, Canada  Chief Financial Officer and Director	Since November 10, 2021	CFO of The Wonderfilm Media Corporation (March 2016 to August 2019); CFO and Director of Amcomri Entertainment Inc. (May 2016 to August 2019); CFO of Tracesafe Inc. (August 2017 to March 2021); CFO of Enlighta Inc. (December 2013 to December 2022); CFO of Crest Resources Inc (June 2022 to May 2023); CFO and Director of Hercules Resources Corp. (January 2022 to November 2023); CFO and Director of Golcap Resources Corp. (February 2020 to February 2024 and August 2021 respectively); CFO and Director of Roberto Resources Inc. (November 2023 to Present); CFO, Corporate Secretary and Director of the Company.	500,000
<b>Sean Prescott</b> <sup>(1)</sup>	Since November 10, 2021	Non-Executive Chairman and Director of the Company; Global Chief Technology Officer for VeroWay Group AG and former Chief Executive Officer of UniCrypt Group AG	250,000
<b>Darien Lattanzi</b> <sup>(1)</sup>	Since June 20, 2018	Consultant of Silver One Resources Inc. and Hello Pal International Inc. (Since September 2016); Director of Yukon Metals Corp. (Since February 2021); Director of Roberto Resources Inc. (Since January 2020); Director of the Company.	500,001
<b>James Liang</b> <sup>(1)</sup>	Since November 10, 2021	Consultant with New Margin Ventures; Chief Executive Officer of the Company from November 2021 to April 29, 2024 and Director of the Company.	500,000

Note:

(1) A member of the audit committee.

Management does not contemplate that any of its nominees will be unable to serve as directors. If any vacancies occur in the slate of nominees listed above before the Meeting, then the Designated Persons intend to exercise discretionary authority to vote the Common Shares represented by proxy for the election of any other persons as directors.

No proposed director of the Company is being elected under any arrangement or understanding between such proposed director and any other person or company.

Other than as set out below, to the knowledge of the Company, no proposed director:

- (a) is, as at the date of the Information Circular, or has been, within 10 years before the date of the Information Circular, a director, Chief Executive Officer or Chief Financial Officer of any company (including the Company) that:
  - (i) was the subject, while the director was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer of such company, of a cease trade or similar order or an order that denied the relevant company

access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or

- (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director ceased to be a director, Chief Executive Officer or Chief Financial Officer but which resulted from an event that occurred while the director was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer of such company; or
- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of the Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 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 director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a director.

For the purposes of this Information Circular, an “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to an exemption under securities legislation, and such order was in effect for a period of more than 30 consecutive days.

#### Zinc One Resources Inc.

On August 14, 2020, Zinc One Resources Inc. (“**Zinc One**”) was issued a cease trader order (the “**CTO**”), issued by the British Columbia Securities Commission, as a result of Zinc One’s failure to file its annual audited financial statements and annual management discussion and analysis for the fiscal year ended February 29, 2020. At the time of its failure to file, James Liang was a director of Zinc One. This CTO was revoked by the BCSC on December 15, 2020 upon Zinc One’s filing of the required records.

#### Hello Pal International Inc.

On September 6, 2022, Hello Pal International Inc. (“**Hello Pal**”) was issued a CTO by the British Columbia Securities Commission and Ontario Securities Commission, as a result of Hello Pal’s failure to file its interim financial statements for the period ended May 31, 2022, its annual audited financial statements for the financial year ended February 28, 2022, and accompanying management discussion and analysis for the period and fiscal year ended May 31, 2022 and February 28, 2022, respectively. At the time of its failure to file, James Liang was a director of Hello Pal. This CTO remains in place as of the date of this Information Circular.

#### Crest Resources Inc.

On September 29, 2022, Crest Resources Inc. (“**Crest**”) was issued a CTO issued by the British Columbia Securities Commission, as a result of Crest’s failure to file its annual audited financial statements and annual management discussion and analysis for the fiscal year ended May 31, 2022. At the time of its failure to file, Alan Tam was the Chief Financial Officer of Crest. This CTO was revoked by the BCSC on December 28, 2022 upon Crest’s filing of the required records.

**Management recommends the approval of each of the nominees listed above for election as directors of the Company until the next annual general meeting of Shareholders.**

## STATEMENT OF EXECUTIVE COMPENSATION

## General

The following information, dated as at October 24, 2024, is provided as required under Form 51-102F6V *Statement of Executive Compensation* (“Form 51-102F6V”) for venture issuers, as such term is defined in National Instrument 51-102 - *Continuous Disclosure Obligations*.

For the purposes of this Information Circular:

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

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

“**company**” includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

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

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

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

- (a) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;
- (b) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;
- (c) in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5), for that financial year;
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year;

“**plan**” includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons;

“**underlying securities**” means any securities issuable on conversion, exchange or exercise of compensation securities.

During the financial year ended September 30, 2023, the Company had two NEOs, namely James Liang, the Former Chief Executive Officer and a director of the Company, and Alan Tam, the Chief Financial Officer of the Company.

### Director and NEO Compensation, Excluding Options and Compensation Securities

The following table (presented in accordance with Form 51-102F6FV) excluding options and compensation securities, provides a summary of the compensation paid by the Company to each NEO and director of the Company for the completed financial years ended September 30, 2023 and September 30, 2022. Options and compensation securities are disclosed under the heading “*Stock Options and Other Compensation Securities and Instruments*” below.



Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>James Young</b> <sup>(1)</sup> <i>CEO and Director</i>	2023	N/A	N/A	N/A	N/A	N/A	N/A
	2022	N/A	N/A	N/A	N/A	N/A	N/A
<b>Alan Tam</b> <sup>(2)</sup> <i>CFO and Director</i>	2023	24,000	Nil	Nil	Nil	Nil	24,000
	2022	18,000	Nil	Nil	Nil	Nil	18,000
<b>Sean Prescott</b> <sup>(3)</sup> <i>Non-Executive Chairman and Director</i>	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
<b>Darien Lattanzi</b> <sup>(4)</sup> <i>Director</i>	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
<b>James Liang</b> <sup>(5)</sup> <i>Former CEO and Director</i>	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
<b>Michael Zenko</b> <sup>(6)</sup> <i>Former Director and Former Chief Operating Officer</i>	2023	Nil	Nil	Nil	Nil	N/A	N/A
	2022	Nil	Nil	Nil	Nil	Nil	Nil

**Notes:**

- (1) James Young was appointed as Chief Executive Officer and a director of the Company on April 29, 2024.
- (2) Alan Tam was appointed as Chief Financial Officer and a director of the Company on November 10, 2021. Mr. Tam receives \$5,000 per month as an independent contractor providing CFO services
- (3) Sean Prescott was appointed as Non-Executive Chairman and a director of the Company on November 10, 2021
- (4) Darien Lattanzi was appointed as a director of the Company on June 20, 2018.
- (5) James Liang was appointed as Chief Executive Officer and a director of the Company on November 10, 2021 and resigned as Chief Executive Officer on April 29, 2024.
- (6) Michael Zenko was appointed as Chief Operating Officer and a director of the Company on January 12, 2022 and resigned on March 27, 2024.

**Stock Options and Other Compensation Securities and Instruments**

The following table of compensation securities provides a summary of all compensation securities granted, or issued by the Company to each NEO and directors of the Company for the financial year ended September 30, 2023.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
<b>James Young</b> <i>CEO and Director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Alan Tam</b> <i>CFO and Director</i>	Stock Options	200,000	October 1, 2022	\$0.60	\$0.60	\$1.88	October 3, 2027
<b>Sean Prescott</b> <i>Non-Executive Chairman and Director</i>	Stock Options	200,000	October 1, 2022	\$0.60	\$0.60	\$1.88	October 3, 2027
<b>Darien Lattanzi</b> <i>Director</i>	Stock Options	200,000	October 1, 2022	\$0.60	\$0.60	\$1.88	October 3, 2027
<b>James Liang</b> <i>Former CEO and Director</i>	Stock Options	200,000	October 1, 2022	\$0.60	\$0.60	\$1.88	October 3, 2027
<b>Michael Zenko</b> <i>Former Director and Former Chief Operating Officer</i>	Stock Options	200,000	October 1, 2022	\$0.60	\$0.60	\$1.88	October 3, 2027

No compensation securities were exercised by any NEO or director of the Company during the financial year ended September 30, 2023.

#### Employment, Consulting and Management Agreements

Other than as disclosed below and elsewhere in this Information Circular, the Company did not have any contracts, agreements, plans or arrangements that provide for compensation to its Named Executive Officers or directors during the financial year ended September 30, 2023.

#### Oversight and Description of Director and NEO Compensation

The Company does not have a separate Compensation Committee, so the Board is responsible for, among other things, evaluating the performance of the Company's executive officers, determining or making recommendations to the Board with respect to the compensation of the Company's executive officers, making recommendations to the Board with respect to director compensation, incentive compensation plans and equity-based plans, making recommendations to the Board with respect to the compensation policy for the employees of the Company or its subsidiaries and ensuring that the Company is in compliance with all legal requirements with respect to compensation disclosure. In performing its duties, the board of directors has the authority to engage such advisors, including executive compensation consultants, as it considers necessary.

All members of the Board are experienced participants in business or finance, and have sat on the board of directors of other companies, charities or business associations, in addition to the Board.

The Board does not have a pre-determined compensation plan. The Company does not engage in benchmarking practices and the process for determining executive compensation is at the discretion of the Board.

In performing its duties, the Board has considered the implications of risks associated with the Company’s compensation policies and practices. At its present early stage of development and considering its present compensation policies, the Company currently has no compensation policies or practices that would encourage an executive officer or other individual to take inappropriate or excessive risks. A Named Executive Officer or director is permitted for his or her own benefit and at his or her own risk, to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars or units or exchange funds, that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director.

### **Pension**

The Company does not provide any pension benefits for directors or executive officers.

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

The following table sets forth details of all the Company’s equity compensation plans as at September 30, 2023. As at September 30, 2023, the Company’s equity compensation plans consisted of the Stock Option Plan.

<b>Plan Category</b>	<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>
Equity compensation plans approved by security holders	-	-	-
Equity compensation plans not approved by security holders	1,500,000	\$0.60	2,400,000
<b>Total</b>	<b>1,500,000</b>	<b>-</b>	<b>2,400,000</b>

The details of the Company’s rolling equity incentive plan are set out below under the heading “Particulars of Matters to be Acted Upon –Equity Incentive Plan.”

### **APPOINTMENT AND REMUNERATION OF AUDITOR**

Shareholders will be asked to vote for the appointment of Mao & Ying LLP to serve as auditors of the Company to hold office until the next annual general meeting of the Shareholders or until such firm is removed from office or resigns as provided by law and to authorize the Board to fix the remuneration to be paid to the auditors.

**Management recommends Shareholders to vote for the ratification of the appointment of Mao & Ying LLP as the Company’s auditors until the next annual general meeting of the Shareholders at a remuneration to be fixed by the Board.**

### **PARTICULARS OF MATTERS TO BE ACTED UPON**

#### **Equity Incentive Plan**

The following information is intended as a brief description of the Equity Incentive Plan and is qualified in its entirety by the full text of the Equity Incentive Plan, a copy of which will be available for review at the Meeting. Capitalized terms not otherwise defined herein are as defined in the Equity Incentive Plan.

The Board adopted an equity incentive plan (the “Equity Incentive Plan”) on May 16, 2022. The purpose of the Equity

Incentive Plan is to secure for the Company and its shareholders the benefits inherent in share ownership by the employees and directors of the Company and its affiliates who, in the judgement of the board of directors, will be largely responsible for its future growth and success, which aid in retaining and encouraging employees and directors of exceptional ability because of the opportunity offered to them to acquire a proprietary interest in the Company. The awards that may be granted under the Equity Incentive Plan include stock options (“Options”), deferred share units (“Units”) and restricted share rights (“Rights”). The Equity Incentive Plan provides that, the aggregate number of securities reserved for issuance shall not exceed 10% of the number of the Common Shares issued and outstanding from time to time. The Equity Incentive Plan will be administered by the Board, which will have full and final authority with respect to the granting of all options thereunder.

### Stock Options

Options may be granted under the Equity Incentive Plan to such eligible directors and employees, or service providers engaged by the Company to provide services for an initial, renewable or extended period of 12 months or more (collectively, the “Participants”) as the Board from time to time designate. The exercise price of option grants shall be not less than the closing market price of the Shares on the trading day prior to such date (the “Fair Market Value”). The Equity Incentive Plan provides that the Option Period shall be five years from the date such Option is granted, or as determined by the Board. unless otherwise determined from time to time by the Board, Options shall vest and may be exercised as follows: (i) at any time during the Option Period at any time during the first six months of the Option Period, the Optionee may purchase up to 25% of the total number of Shares reserved for issuance pursuant to his or her Option; and (ii) at any time during each additional six-month period of the Option Period the Optionee may purchase an additional 25% of the total number of Shares reserved for issuance pursuant to his or her Option plus any Shares not purchased in accordance with subsection (i) and this subsection until, after the 18th month of the Option Period, 100% of the Option will be exercisable. No Option may be exercised unless the Optionee is at the time of exercise an employed or retained by the Company, or a Designated Affiliate and have been continuously employed or retained since the grant of the Option or a director of the Company or a Designated Affiliate and have been a director continuously since the grant of the Option. Optionees have a cashless exercise right in lieu of the right to exercise an Option. All Options terminate earlier as follows: (i) 12 months from the date of termination other than for cause; or (ii) 12 months from the date of death. Options granted under the Equity Incentive Plan are not transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession.

### Restricted Share Rights

Rights may be granted under the Equity Incentive Plan to Participants as a discretionary payment in consideration of past services to the Company or as an incentive for future services as the Board may determine and for the purposes of calculating the number of Rights to be granted, the Company shall value the Shares underlying such Rights at not less than the Fair Market Value. The Board shall determine the Restricted Period of the Rights at the time of grant, which may be subject to performance conditions to be achieved, to entitle the holder thereof to receive the underlying Shares and the Right shall be automatically settled upon expiry of the Restricted Period. Any Rights held by the Participant shall immediately terminate in the event of the retirement or termination of the Participant during the Restricted Period and Shares shall be issued to the Participant in satisfaction of the Rights in the event of retirement or termination of the Participant after the Restricted Period. In the event of the death or total disability of a Participant, any Shares represented by the Rights held by the Participant shall be immediately issued by the Company to the Participant or legal representative of the Participant. Subject to the absolute discretion of the Board, in the event that a dividend (other than a stock dividend) is declared and paid by the Company on the Shares, a Participant may be credited with additional Rights.

### Deferred Share Units

Units may be granted to Eligible Directors in a lump sum amount or on a regular intervals, based on such formulas or criteria as the Board may from time to time determine. The Units will be credited to the Eligible Director’s account when designated by the Board, and for purposes of calculating the number of the Units to be granted, the Company shall value the underlying Shares at not less than the Fair Market Value. The Units held by each Eligible Director who is not a US Taxpayer shall be redeemed automatically on the 20th business day following the Separation Date for that Eligible Director. For US Taxpayers, Units held by an Eligible Director who is a Specified Employee will be automatically redeemed on the date that is six months following the Separation Date for the Eligible Director, or if earlier, upon such Eligible Director’s death. Upon redemption, the former Eligible Director shall be entitled to receive and the Company shall issue, the number of Shares issued from treasury equal to the number of Units in the Eligible Director’s account, subject to any applicable deductions and withholdings. In the event a Separation Date occurs during a year and Units have been granted to such Eligible Director for that entire year, the Eligible Director will only be entitled to a pro-rated Unit Payment in respect of such Units based on the number of days that he or she was an Eligible Director in such year. In the event of the death of an Eligible Director, the Units shall be redeemed automatically on the 20<sup>th</sup> business day following the death of the Eligible Director. Subject to the absolute discretion

of the Board, in the event that a dividend (other than a stock dividend) is declared and paid by the Company on the Shares, an Eligible Director may be credited with additional Units. The number of such additional Units, if any, will be calculated by dividing (a) the total amount of the dividends that would have been paid to the Eligible Director if the Units in the Eligible Director's account on the dividend record date had been outstanding Shares (and the Eligible Director held no other Shares), by (b) the Fair Market Value of the Shares on the date on which such dividends were paid.

At the Meeting, Shareholders will be asked to consider and, if deemed appropriate, to approve, with or without variation, an ordinary resolution ratifying, confirming and approving the Equity Incentive Plan. The full text of the resolutions to be considered at the Meeting is set forth below:

**RESOLVED AS AN ORDINARY RESOLUTION, THAT:**

1. The equity incentive plan (the "Equity Incentive Plan") of Scope Technologies Corp. (the "Company") in substantially the form described in the management information circular of the Company dated October 24, 2024 and available for review at this meeting of the shareholders of the Company on November 25, 2024 be and the same is hereby ratified, confirmed and approved, subject to the acceptance, as may be required, of the Canadian Securities Exchange (the "Exchange"), and shall thereafter continue and remain in effect until ratification is required pursuant to the rules of the Exchange or other applicable regulatory requirements;
2. All unallocated securities to acquire common shares of the Company, right or other entitlement available under the Equity Incentive Plan are hereby approved and authorized;
3. The board of directors of the Company is authorized and directed to make any amendments to the Equity Incentive Plan as may be required by the Exchange or other regulatory authorities, without further approval by the shareholders of the Company, in order to ensure the adoption of the Equity Incentive Plan; and
4. Any director or officer of the Company is hereby authorized and directed, for and on behalf of the Company, to do all things and to execute, deliver and file all such agreements, documents and instruments, and to do all such other acts and things, as such director or officer deems necessary or desirable to give effect to the forgoing resolutions.

**Management recommends the approval, ratification and confirmation of the Equity Incentive Plan.**

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

To the knowledge of Management, no current or former director, executive officer or employee of the Company, proposed nominee for election to the Board, or associate of such persons is, or has been, indebted to the Company or any of its subsidiaries or has been indebted to any other entity where that indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries since the beginning of the Company's most recently completed financial year and no indebtedness remains outstanding as at the date of this Information Circular.

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

To the knowledge of management of the Company, no (a) director, proposed director or executive officer of the Company; (b) person or company who beneficially owns, directly or indirectly, shares or who exercises control or direction of Common Shares, or a combination of both carrying more than ten percent of the voting rights attached to the shares outstanding (an "Insider"); (c) director or executive officer of an Insider; or (d) associate or affiliate of any of the directors, executive officers or Insiders, has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which materially affected or would materially affect the Company, except with an interest arising from the ownership of shares where such person or company will receive no extra or special benefit or advantage not shared on a pro rata basis by all holders of the same class of shares.

#### **MANAGEMENT CONTRACTS**

To the knowledge of management of the Company, except as disclosed below and elsewhere in this Information Circular, no management functions of the Company or any of its subsidiaries are to any substantial degree performed by a person or company other than the directors or executive officers of the Company or any of its subsidiaries.

On April 29, 2024, the Company entered into an employment agreement with James Young, pursuant to which James Young was appointed as Chief Executive Officer of the Company and the Company has agreed to paid him \$120,000 per annum and to grant 1,000,000 RSUs to him.

## AUDIT COMMITTEE DISCLOSURE

Pursuant to National Instrument 52-110 – *Audit Committees* (“NI 52-110”), the Company is required to disclose certain information concerning the constitution of its Audit Committee and its relationship with its independent auditors.

### The Audit Committee Charter

The Company’s audit committee charter is set out in Schedule “A” of this Information Circular. The overall purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to: the financial reporting process and the quality, transparency and integrity of the financial statements and other related public disclosures; internal controls over financial reporting; compliance with legal and regulatory requirements relevant to the financial statements and financial reporting; ensuring that there is an appropriate standard of corporate conduct for senior financial personnel and employees including, if necessary, adopting a corporate code of ethics; the external auditors’ qualifications and independence; and the performance of the internal audit function and the external auditor. The Company has adopted a Charter of the Audit Committee of the Board.

### Composition of Audit Committee

The following persons are members of the audit committee:

Sean Prescott	Not Independent	Financially Literate
James Liang	Independent	Financially Literate
Darien Lattanzi	Independent	Financially Literate

#### Notes:

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

### Relevant Education and Experience

All members of the Audit Committee have the ability to read, analyze and understand the complexities surrounding the issuance of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements, and have an understanding of internal controls.

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his/her responsibilities as an Audit Committee member is as follows:

Sean Prescott - Mr. Prescott is the current Global Chief Technology Officer for VeroWay Group AG and former Chief Executive Officer of UniCrypt Group AG. Mr. Prescott also has over two decades of experience in the enterprise information technology and banking industry, acting in a variety of roles including senior licensed derivate trader. As such, Mr. Prescott has the ability to understand financial statements.

James Liang - Mr. Liang has a Bachelor of Commerce from the University of British Columbia, obtained a Financial Risk Manager Certification from the Global Association of Risk Associates (GARP) and completed two levels of the CFA exams. Mr. Liang currently works with New Margin Ventures, which is a venture capital firm based in HangZhou, China, and assists with the evaluation of a number of technology companies for the purpose of New Margin providing financing. Accordingly, Mr. Liang has the ability to understand financial statements relating to junior technology companies.

Darien Lattanzi - Mr. Lattanzi has been a business associate working with a number of corporations with CSE and TSX Venture Exchange listed resource companies, and he is also a director of Roberto Resources Inc. and Yukon Metals Corp.,

which provided him with experience in financings, corporate filings and corporate governance. He has also completed the Canadian Securities Course. Accordingly, Mr. Lattanzi has the ability to understand financial statements.

### **Audit Committee Oversight**

At no time since the commencement of the Company’s most recent completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Company’s most recently completed financial year 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.

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

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as set out in the Audit Committee Charter of the Company.

### **External Auditor Service Fees**

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

The aggregate fees billed by the Company’s external auditor in the last two fiscal years, by category, are as follows:

	Year Ended September 30, 2023	Year Ended September 30, 2022
Audit Fees	\$10,403	\$10,000
Audit-Related Fees	\$Nil	\$Nil
Tax Fees	\$Nil	\$Nil
All Other Fees	\$Nil	\$4,175
<b>Total</b>	<b>\$10,403</b>	<b>\$14,175</b>

### **Exemption**

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

## **CORPORATE GOVERNANCE**

National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the “**Guidelines**”) adopted in National Policy 58-201. These Guidelines are not prescriptive but have been used by the Company in adopting its corporate governance practices. The Board and Management consider good corporate governance to be an integral part of the effective and efficient operation of Canadian corporations. The Company’s approach to corporate governance is set out below.

## Board of Directors

The Board is currently comprised of five (5) members. Under NI 52-110, an “independent” director is a director who has no direct or indirect material relationship with the Company. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director’s independent judgment. James Young is not independent due to his position as Chief Executive Officer of the Company, Alan Tam is not independent due to his position of Chief Financial Officer. Sean Prescott is not independent due to his position of Non-Executive Chairman. All other directors are independent directors as they have no ongoing interest or relationship with the Company other than serving as a director.

## Directorships

The following directors of the Company are directors of other reporting issuers:

Name of Director	Name of Reporting Issuer	Exchange
James Liang	Hello Pal International Inc. Zinc One Resources Inc.	Canadian Securities Exchange TSX Venture Exchange (NEX)
Alan Tam	Roberto Resources Inc.	Canadian Securities Exchange
Darien Lattanzi	Roberto Resources Inc.	Canadian Securities Exchange

## Orientation and Continuing Education

The Board provides an overview of the Company’s business activities, systems and business plan to all new directors. New director candidates have free access to any of the Company’s records, employees or senior management in order to conduct their own due diligence and will be briefed on the strategic plans, short, medium and long term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing policies of the Company. The directors are encouraged to update their skills and knowledge by taking courses and attending professional seminars.

## Ethical Business Conduct

The Board believes good corporate governance is an integral component to the success of the Company and to meet responsibilities to Shareholders. Generally, the Board has found 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.

The Board is also responsible for applying governance principles and practices, tracking development in corporate governance, and adapting “best practices” to suit the needs of the Company. Certain of the directors of the Company may also be directors and officers of other companies, and conflicts of interest may arise between their duties. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as applicable under the BCA.

## Nomination of Directors

The Board has not formed a nominating committee or similar committee to assist the Board with the nomination of directors for the Company. The Board considers itself too small to warrant the creation of such a committee; and each of the directors has contacts he can draw upon to identify new members of the Board as needed from time to time.

The Board will continually assess its size, structure and composition, taking into consideration its current strengths, skills and experience, proposed retirements and the requirements and strategic direction of the Company. In identifying potential Board candidates, the directors assess perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the technology industry may also be consulted for possible candidates.

## Compensation

The Board reviews the compensation of its directors and executive officers annually. Compensation of directors and the Company’s executive officers will be determined by the directors and the executive officers taking into account the Company’s business ventures and the Company’s financial position. See “Executive Compensation”.



## **Other Board Committees**

The Company has established an Audit Committee. There are no other committees of the Board.

## **Assessments**

The Board has not implemented a process for assessing its effectiveness. As a result of the Company's small size and the Company's stage of development, the Board considers a formal assessment process to be inappropriate at this time. The Board plans to continue evaluating its own effectiveness on an ad hoc basis.

The Board does not formally assess the performance or contribution of individual Board members or committee members.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca)

Financial information about the Company is provided in the Financial Statements, together with the MD&A, which can be found on the Company's SEDAR+ profile. Shareholders may contact the Company to request copies of the Financial Statements and MD&A.

Shareholders may contact the Company as set out below to request copies of the Financial Statements and MD&A.

Scope Technologies Corp.  
1000 – 1055 West Hastings Street  
Vancouver, BC V6E 2E9

## **OTHER MATTERS**

Other than the above, management of the Company knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters that are not known to management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

## **APPROVAL OF THE BOARD OF DIRECTORS**

The contents of this Information Circular have been approved and the delivery of it to each Shareholder entitled thereto and to the appropriate regulatory agencies has been authorized by the Board.

Dated at Vancouver, British Columbia as of October 24, 2024.

## **ON BEHALF OF THE BOARD**

### **SCOPE TECHNOLOGIES CORP.**

*"James Young"*

James Young  
Chief Executive Officer and Director

## **SCHEDULE “A”**

### **Scope Technologies Corp.**

### **Audit Committee Charter**

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#### **I. MANDATE**

The Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Scope Technologies Corp. (the “Company”) shall assist the Board in fulfilling its financial oversight responsibilities. The Committee’s primary duties and responsibilities under this mandate are to serve as an independent and objective party to monitor:

1. The quality and integrity of the Company’s financial statements and other financial information;
2. The compliance of such statements and information with legal and regulatory requirements;
3. The qualifications and independence of the Company’s independent external auditor (the “Auditor”); and
4. The performance of the Company’s internal accounting procedures and Auditor.

#### **II. STRUCTURE AND OPERATIONS**

##### **A. Composition**

The Committee shall be comprised of three or more members.

##### **B. Qualifications**

Each member of the Committee must be a member of the Board.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement.

##### **C. Appointment and Removal**

In accordance with the Articles of the Company, the members of the Committee shall be appointed by the Board and shall serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a majority vote of the Board.

##### **D. Chair**

Unless the Board shall select a Chair, the members of the Committee shall designate a Chair by the majority vote of all of the members of the Committee. The Chair shall call, set the agendas for and chair all meetings of the Committee.

##### **E. Meetings**

The Committee shall meet as frequently as circumstances dictate. The Auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Company’s annual financial statements and, if the Committee feels it is necessary or appropriate, at every other meeting. On request by the Auditor, the Chair shall call a meeting of the Committee to consider any matter that the Auditor believes should be brought to the attention of the Committee, the Board or the shareholders of the Company.

At each meeting, a quorum shall consist of a majority of members that are not officers or employees of the Company or of an affiliate of the Company.

As part of its goal to foster open communication, the Committee may periodically meet separately with each of management and the Auditor to discuss any matters that the Committee or any of these groups believes would be appropriate to discuss privately. In addition, the Committee should meet with the Auditor and management annually to review the Company's financial statements in a manner consistent with Section III of this Charter.

The Committee may invite to its meetings any director, any manager of the Company, and any other person whom it deems appropriate to consult in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate to exclude in order to carry out its responsibilities.

### **III. DUTIES**

#### **A. Introduction**

The following functions shall be the common recurring duties of the Committee in carrying out its purposes outlined in Section I of this Charter. These duties should serve as a guide with the understanding that the Committee may fulfill additional duties and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern which the Committee in its sole discretion deems appropriate for study or investigation by the Committee.

The Committee shall be given full access to the Company's internal accounting staff, managers, other staff and Auditor as necessary to carry out these duties. While acting within the scope of its stated purpose, the Committee shall have all the authority of, but shall remain subject to, the Board.

#### **B. Powers and Responsibilities**

The Committee will have the following responsibilities and, in order to perform and discharge these responsibilities, will be vested with the powers and authorities set forth below, namely, the Committee shall:

##### *Independence of Auditor*

- 1) Review and discuss with the Auditor any disclosed relationships or services that may impact the objectivity and independence of the Auditor and, if necessary, obtain a formal written statement from the Auditor setting forth all relationships between the Auditor and the Company.
- 2) Take, or recommend that the Board take, appropriate action to oversee the independence of the Auditor.
- 3) Require the Auditor to report directly to the Committee.
- 4) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external auditor of the Company.

##### *Performance & Completion by Auditor of its Work*

1. Be directly responsible for the oversight of the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, including resolution of disagreements between management and the Auditor regarding financial reporting.

2. Review annually the performance of the Auditor and recommend the appointment by the Board of a new, or re-election by the Company's shareholders of the existing, Auditor for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company.
3. Recommend to the Board the compensation of the Auditor.
4. Pre-approve all non-audit services, including the fees and terms thereof, to be performed for the Company by the Auditor.

#### *Internal Financial Controls & Operations of the Company*

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

#### *Preparation of Financial Statements*

1. Discuss with management and the Auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
2. Discuss with management and the Auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.
3. Discuss with management and the Auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
4. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
5. Discuss with the Auditor the matters required to be discussed relating to the conduct of any audit, in particular:
  - 5) The adoption of, or changes to, the Company's significant auditing and accounting principles and practices as suggested by the Auditor, internal auditor or management.
  - 6) The management inquiry letter provided by the Auditor and the Company's response to that letter.
  - 7) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

#### *Public Disclosure by the Company*

1. Review the Company's annual and interim financial statements, management discussion and analysis (MD&A) and earnings press releases before the Board approves and the Company publicly discloses this information.
2. Review the Company's financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted

or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assessing the adequacy of those procedures.

3. Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process of the Company's financial statements about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

*Manner of Carrying Out its Mandate*

1. Consult, to the extent it deems necessary or appropriate, with the Auditor, but without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
2. Request any officer or employee of the Company or the Company's outside counsel or Auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.
3. Meet, to the extent it deems necessary or appropriate, with management, any internal auditor and the Auditor in separate executive sessions.
4. Have the authority, to the extent it deems necessary or appropriate, to retain special independent legal, accounting or other consultants to advise the Committee advisors.
5. Make regular reports to the Board.
6. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
7. Annually review the Committee's own performance.
8. Provide an open avenue of communication among the Auditor, the Company's financial and senior management and the Board.
9. Not delegate these responsibilities.

**C. Limitation of Audit Committee's Role**

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the Auditor.