

# **CASCADIA BLOCKCHAIN GROUP CORP.**

#1552 – 701 West Georgia Street  
Vancouver, British Columbia  
V7Y 1C6

## **NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON DECEMBER 18, 2019**

**AND**

## **INFORMATION CIRCULAR**

*November 13<sup>th</sup>, 2019*

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

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**CASCADIA BLOCKCHAIN GROUP CORP.**

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V7Y 1C6

**NOTICE OF ANNUAL GENERAL MEETING**

TO THE SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that the annual general meeting (the “Meeting”) of Cascadia Blockchain Group Corp. (the “Company”) will be held at the office of Dentons Canada LLP located at 20<sup>th</sup> floor – 250 Howe Street, Vancouver, British Columbia, on Wednesday, December 18, 2019, at 4:00 p.m. (Vancouver time) for the following purposes:

- (1) to receive the audited financial statements of the Company for the financial year ended January 31, 2019, together with the auditor’s report on those financial statements;
- (2) to set the number of directors at three (3) and to elect directors for the ensuing year;
- (3) to appoint Manning Elliott LLP, Chartered Professional Accountants as the auditors of the Company for the ensuing fiscal year ending January 31, 2020, at a remuneration to be fixed by the board of directors of the Company (the “Board”);
- (4) to transact such further or other business as may properly come before the Meeting and any adjournment or postponement thereof.

The Circular provides additional information relating to the matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, this Notice of Meeting.

The Board has fixed November 13<sup>th</sup>, 2019, as the record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting and at any adjournment or postponement thereof. Each registered shareholder at the close of business on that date is entitled to receive such notice and to vote at the Meeting in the circumstances set out in the accompanying Circular.

If you are a registered shareholder of the Company and unable to attend the Meeting in person, please complete, date and sign the accompanying form of proxy and deposit it with the Company’s transfer agent, Computershare Trust Company of Canada, 3rd Floor, 510 Burrard Street, Vancouver, BC V6C 3B9 or Fax 604.681.3067, at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) before the time and date of the Meeting or any adjournment or postponement thereof.

If you are a non-registered shareholder of the Company and have received this Notice of Meeting and accompanying materials through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing that holds your securities on your behalf (the “Intermediary”), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

DATED at Vancouver, British Columbia, this 13<sup>th</sup> day of November, 2019.

By Order of the Board

“Di Deng”

Di Deng

President, Chief Executive Officer and Director

**CASCADIA BLOCKCHAIN GROUP CORP.**

#1552 – 701 West Georgia Street  
Vancouver, British Columbia  
V7Y 1C6

**INFORMATION CIRCULAR**

**November 13<sup>th</sup>, 2019**

This Circular accompanies the Notice of Meeting and is furnished to Registered Shareholders in connection with the solicitation by the management of the Company of proxies to be voted at the Meeting to be held at 4:00 p.m. (Vancouver time) on Wednesday, December 18<sup>th</sup>, 2019, at the office of Dentons Canada LLP located at 20<sup>th</sup> floor – 250 Howe Street, Vancouver, British Columbia, or at any adjournment or postponement thereof.

The date of this Circular is November 13<sup>th</sup>, 2019. Unless otherwise stated, all amounts herein are in Canadian dollars.

**GLOSSARY OF TERMS**

In this Circular, unless the context otherwise requires, the following words and terms will have the identical meanings and grammatical variations of such words and terms will have corresponding meanings:

“Applicable Laws” means all applicable laws (including common law), rules, rulings, regulations, orders, ordinances, notices, injunctions, decrees, treaties, statutes and judgements and any enforceable requirements of any Regulatory Authority, all as in force at the date of this Circular;

“Auditor” means the Company’s auditor, Manning Elliott LLP;

“BCBCA” means the *Business Corporations Act* (British Columbia) S.B.C. 2002 c.57, as amended;

“Beneficial Shareholders” means shareholders whose Shares are not registered in the Company’s Central Securities Register under the shareholder’s name;

“Board” means the board of directors of the Company;

“Broadridge” means Broadridge Financial Solutions, Inc.;

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

“Circular” means this management information circular of the Company dated November 13<sup>th</sup>, 2019 and all documents attached to or incorporated by reference into the Circular;

“Company” means Cascadia Blockchain Group Corp., a corporation existing pursuant to the BCBCA;

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

“Designated Persons” means the persons named as proxyholders in the enclosed Proxy;

“Meeting” means the annual general meeting of the Shareholders scheduled for 4:00 p.m. (Vancouver time) on December 18<sup>th</sup>, 2019, or any adjournment or postponement thereof;

“NEO” or “named executive officer” means:

- (a) each individual who served as CEO of the Company, or who performed functions similar to a CEO, during any part of the most recently completed financial year,
- (b) each individual who served as CFO of the Company, or who performed functions similar to a CFO, during any part of the most recently completed financial year,
- (c) the most highly compensated executive officer of the Company or any of its subsidiaries (if any) other than individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year, and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year;

“NOBOs” means non-objecting beneficial owners, being those non-registered Beneficial Shareholders that have consented to allow their addresses to be provided to the Company;

“Notice of Meeting” means the notice of meeting dated November 13<sup>th</sup>, 2019 which accompanies this Circular;

“NI 52-110” means National Instrument 52-110 *Audit Committees* adopted by the Canadian Securities Administrators;

“OBOs” means objecting beneficial owners, being those non-registered Beneficial Shareholders that have refused to allow their address to be provided to the Company;

“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;

“Proxy” means the form of proxy solicited from Registered Shareholders by the management of the Company pursuant to this Circular;

“Proxyholders” means those persons appointed by Proxies and VIFs to attend the Meeting and vote on behalf of Shareholders;

“Record Date” means November 13<sup>th</sup>, 2019;

“Registered Shareholders” means shareholders whose Shares are registered in the Company’s Central Securities Register under the shareholder’s name;

“Securities Commissions” means the British Columbia Securities Commission, the Alberta Securities Commission and the Ontario Securities Commission;

“SEDAR” means the System for Electronic Analysis and Retrieval which can be accessed through the Internet at the website [www.sedar.com](http://www.sedar.com);

“Shares” means the common shares in the capital of the Company, as may be adjusted from time to time;

“Shareholders” means Registered Shareholders and/or Beneficial Shares, as applicable, as of the Record Date;

“Stock Option Plan” means the stock option plan of the Company, as may be amended from time to time with the approval of (as applicable) the Board, Shareholders and/or the CSE;

“Stock Options” means at any time the stock options to purchase Shares granted pursuant to the Stock Option Plan which are at that time outstanding and unexercised whether or not vested;

“Transfer Agent” means the Company’s registrar and transfer agent for Shares, Computershare Investor Services Inc.; and

“VIF” means the form of voting instruction form solicited from Beneficial Shareholders by the Management of the Company pursuant to this Circular.

## **SUMMARY INFORMATION**

The following is a summary of information relating to the Company and should be read in conjunction with the more detailed information contained elsewhere in this Circular.

### **The Meeting**

The Meeting will be held at 20<sup>th</sup> Floor – 250 Howe Street, Vancouver, British Columbia, on Wednesday, December 18<sup>th</sup>, 2019, at 4:00 p.m. (Vancouver time), for the purposes set forth in the accompanying Notice of Meeting and Circular.

#### *Purpose of the Meeting*

The Meeting has been called for the purposes set out in the Notice of Meeting, including:

- (1) to receive the audited financial statements of the Company for the financial year ended January 31, 2019, together with the auditor’s report on those financial statements;
- (2) to set the number of directors at three (3) and to elect directors for the ensuing year;
- (3) to appoint Manning Elliott LLP, Chartered Professional Accountants as the auditors of the Company for the ensuing fiscal year ending January 31, 2020, at a remuneration to be fixed by the board of directors of the Company (the “Board”);
- (4) to transact such further or other business as may properly come before the Meeting and any adjournment or postponement thereof.

Each of these items is described in detail in the Circular, which Shareholders are encouraged to read.

#### *Record Date*

Only Shareholders of record at the close of business on November 13<sup>th</sup>, 2019 will be entitled to receive notice of and vote at the Meeting, or any adjournment or postponement thereof.

#### *Stock Exchange Listing*

The Shares are currently listed on the CSE under the symbol “CK”.

## **GENERAL PROXY INFORMATION**

### **Management Solicitation**

The solicitation of proxies by the Company will be conducted by mail and may be supplemented by telephone or internet or other personal contact to be made without special compensation by the directors, officers and employees of the Company. The Proxy is being solicited by management of the Company. The Company does not reimburse Shareholders,

nominees or agents for costs incurred in obtaining from their principals' authorization to execute Proxies, 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 will reimburse such brokers and nominees for their related out of pocket expenses. No solicitation will be made by specially engaged employees or soliciting agents. The cost of solicitation will be borne by the Company.

No person has been authorized to give any information or to make any representation other than as contained in this 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 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 Circular. This 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 of Proxy**

Registered Shareholders are entitled to vote at the Meeting. A Registered Shareholder is entitled to one vote for each Share that such Shareholder holds on the Record Date on the resolutions to be voted upon at the Meeting, and any other matter to come before the Meeting.

**A REGISTERED 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 REGISTERED SHAREHOLDER AT THE MEETING, OTHER THAN THE DESIGNATED PERSONS NAMED IN THE ENCLOSED PROXY.**

**TO EXERCISE THE RIGHT, THE REGISTERED 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 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 SHARES SHOULD BE VOTED. THE NOMINEE SHOULD BRING PERSONAL IDENTIFICATION TO THE MEETING.**

In order to be voted, the completed Proxy must be received by the Transfer Agent in accordance with the instructions provided in the form of proxy at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) prior to the scheduled time of the Meeting, or any adjournment or postponement thereof. Alternatively, the completed Proxy may be delivered to the Chairman of the Meeting on the date of the Meeting, or any adjournment or postponement thereof.

A proxy may not be valid unless it is dated and signed by the Registered 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 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 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, (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: (a) attendance at the Meeting and participation in a poll (ballot) by a Shareholder, or (b) 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 of Shares and Proxies and Exercise of Discretion by Designated Persons**

A Shareholder may indicate the manner in which the Designated Persons are to vote with respect to a matter to be voted upon at the Meeting by marking the appropriate space. If the instructions as to voting indicated in the Proxy are certain, the Shares represented by the Proxy will be voted or withheld from voting in accordance with the instructions given in the Proxy. If the Shareholder specifies a choice in the Proxy with respect to a matter to be acted upon, then the Shares represented will be voted or withheld from the vote on that matter accordingly. **The Shares represented by a proxy will be voted or withheld from voting 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 Shares will be voted accordingly.**

**IF NO CHOICE IS SPECIFIED IN THE PROXY WITH RESPECT TO A MATTER TO BE ACTED UPON, THE PROXY CONFERS DISCRETIONARY AUTHORITY WITH RESPECT TO THAT MATTER UPON THE DESIGNATED PERSONS NAMED IN THE PROXY. IT IS INTENDED THAT THE DESIGNATED PERSONS WILL VOTE THE SHARES REPRESENTED BY THE PROXY IN FAVOUR OF EACH MATTER IDENTIFIED IN THE PROXY.**

The enclosed Proxy confers discretionary authority upon the persons named therein with respect to other matters which may properly come before the Meeting, including any amendments or variations to any matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. At the date of this Circular, management of the Company is not aware of any such amendments, variations, or other matters to come before the Meeting.

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

#### **NOTICE TO BENEFICIAL SHAREHOLDERS**

**The information set out in this section is of significant importance to Beneficial Shareholders. Beneficial Shareholders should note that only proxies deposited by Registered Shareholders whose names appear on the records of the Company as the registered holders of Shares can be recognized and acted upon at the Meeting.** If Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Shares will not be registered in the Shareholder's name on the records of the Company. Such Shares will more likely be registered under the names of the Shareholder's broker or an agent of that broker. In the United States, the vast majority of such Shares are registered 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), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). **Beneficial Shareholders should ensure that instructions respecting the voting of their Shares are communicated to the appropriate person well in advance of the Meeting.**

The Company does not have access to names of Beneficial Shareholders. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is similar to the Proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the Registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically prepares a special voting instruction form, mails this form to the Beneficial Shareholders and asks for appropriate instructions regarding the voting of Shares to be voted at the Meeting. Beneficial Shareholders are requested to complete and return

the voting instructions to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free number and access Broadridge’s dedicated voting website (each as noted on the voting instruction form) to deliver their voting instructions and to vote the Shares held by them. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Broadridge voting instruction form cannot use that form as a proxy to vote Shares directly at the Meeting - the voting instruction form must be returned to Broadridge well in advance of the Meeting in order to have its Shares voted at the Meeting.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of his broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the Registered Shareholder and vote the Shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the instrument of proxy provided to them and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

Alternatively, a Beneficial Shareholder may request in writing that his or her broker send to the Beneficial Shareholder a legal proxy which would enable the Beneficial Shareholder to attend at the Meeting and vote his or her Shares. Management of the Company does not intend to pay for intermediaries to forward to OBOs under NI 54-101 the Meeting materials, and that in the case of an OBO, the OBO will not receive the Meeting materials unless the OBO’s intermediary assumes the cost of delivery.

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

Except as disclosed elsewhere in this Circular, 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 associates or affiliates of any such directors, executive officers or nominees, has any material interest, direct or indirect, by way of beneficial ownership of 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, the appointment of Auditor and approval of the Change of Business.

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

The Company is authorized to issue an unlimited number of Shares without par value. As of the Record Date, determined by the Board to be the close of business on November 13<sup>th</sup>, 2019, a total of 71,977,438 Shares were issued and outstanding. Each Share carries the right to one vote at the Meeting.

Only Registered Shareholders as of the Record Date are entitled to receive notice of, and to attend and vote at, the Meeting or any adjournment or postponement of the Meeting.

To the knowledge of the directors or executive officers of the Company, no person or company beneficially owns, or controls or directs, directly or indirectly, Shares carrying 10% or more of the voting rights attached to the outstanding Shares of the Company, other than as set forth below:

Name of Shareholder	Number of Shares Owned	Percentage of Outstanding Shares
Di Deng, Chairman and Director, Beijing, China	Non-diluted 35,724,200 Fully-diluted 61,824,200 <sup>(2)</sup>	None-diluted 49.63% <sup>(1)</sup> Fully diluted 55.36% <sup>(3)</sup>

Notes:

(1) Calculated based on 71,977,438 Common Shares issued and outstanding as at November 13<sup>th</sup>, 2019.

(2) Including 26,000,000 warrants and 100,000 stock options

(3) Calculated based on 111,668,838 shares on a fully diluted basis as at November 13<sup>th</sup>, 2019, among which, 100,000 stock options will be expired on December 8, 2019. After December 8, 2019, based on 111,568,838 shares on a fully diluted basis, Mr. Deng would hold 55.32% of outstanding shares.

#### RECEIPT OF FINANCIAL STATEMENTS

The directors will place before the Meeting the financial statements for the year ended January 31, 2019, together with the auditors' reports thereon.

#### NUMBER OF DIRECTORS

The Articles of the Company provide for a board of directors of no fewer than three (3) directors and no greater than a number as fixed or changed from time to time by majority approval of the Shareholders.

At the Meeting, Shareholders will be asked to pass an ordinary resolution to set the number of directors of the Company for the ensuing year at three (3). The number of directors will be approved if the affirmative vote of the majority of Shares present or represented by proxy at the Meeting and entitled to vote are voted in favour to set the number of directors at three (3).

Management recommends the approval of the resolution to set the number of directors of the Company at three (3).

#### 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, 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 Proxy will be voted for the nominees listed in the Proxy. All of the nominees listed in the Proxy 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:

Name and Age	Number and Percentage of Voting Securities Beneficially Owned (Directly and Indirectly)	Director since	Principal occupation and related experience
Shanshan Zhu Age: 34 Beijing, China  Director, Member of the Audit Committee	2,737,850 or 3.80% on a non-diluted basis  5,475,700 or 4.90% on a fully diluted basis	Director since February 26, 2016	Ms. Zhu is the Investment Director at Big Data Charity Foundation in China. She also serves as the Deputy Director of China Siyuan Foundation for Poverty Alleviation.

Name and Age	Number and Percentage of Voting Securities Beneficially Owned (Directly and Indirectly)	Director since	Principal occupation and related experience
<p>Di Deng Age: 38</p> <p>Beijing, China</p> <p>Director, Member of the Audit Committee</p> <p>President and Chief Executive Officer</p>	<p>35,724,200 or 49.63% on a non-diluted basis</p> <p>61,824,200 or 55.36% on a fully-diluted basis</p>	<p>Director since September 20, 2019</p>	<p>Mr. Deng is a founder of several companies and has experience in various technical fields like peer-to-peer (“P2P”) technology, video, cloud computing and blockchain assets technology. Mr. Deng holds more than thirty patents in the cloud computing, and was awarded the title of cloud computing expert by Ministry of Industry and Information Technology (MIIT) of China in 2013. Mr. Deng serves as a director of Asia Digital Asset Finance Association and a director of China Institute of Industrial Cluster of Tsinghua University. Mr. Deng is the investment advisor in blockchain production for Cherubic Venture, the founder of yuanbaohui.com that provides the largest trading platform for multiple digital assets, and the leading role in developing Taiyi system that is the first blockchain capital system for independent intellectual property in China.</p>
<p>Hanxuan Wu Age: 34</p> <p>Beijing, China</p> <p>Director, Chairman of Audit Committee</p>	<p>Nil</p>	<p>Director since September 20, 2019</p>	<p>Ms. Wu has over 7 years’ experience in capital market and merger and acquisition.</p>

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 Shares represented by proxy for the election of any other persons as directors.

**Management recommends the approval of each of the nominees listed above for election as directors of the Company for the ensuing year.**

**Cease Trade Orders**

To the best of management’s knowledge, no proposed director of the Company is, or within the ten (10) years before the date of this Circular has been, a director, CEO or CFO of any company that:

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or



Hanxuan Wu <sup>(3)</sup> Director	2019 2018	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Eason Chen <sup>(4)</sup> Former VP Finance and current interim CFO	2019 2018	140,000 23,334	Nil Nil	Nil Nil	Nil Nil	Nil Nil	140,000 23,334
Garry Wong <sup>(5)</sup> Former CFO and Corporate Secretary	2019 2018	175,000 58,333	Nil Nil	Nil Nil	Nil Nil	Nil Nil	175,000 58,333
Rui Wang <sup>(6)</sup> Former President, CEO and director	2019 2018	150,000 50,000	Nil Nil	Nil Nil	Nil Nil	Nil Nil	150,000 50,000
Xiaochuan Guo <sup>(7)</sup> Former President, CEO, COO and director	2019 2018	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Jiasheng Cheng <sup>(8)</sup> Former director	2019 2018	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Ying Zhou <sup>(9)</sup> Former CFO and director	2019 2018	Nil 18,000	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil 18,000

**Notes:**

- (1) Mr. Di Deng was appointed as the President, CEO and a director of the Company from February 26, 2016 to October 19, 2017, and re-elected to be the President, CEO and a director again on September 20, 2019. For a period from October 19, 2017 to February 24, 2019, Mr. Deng was a director of the Company and took no position of the Company from February 25, 2019 to September 20, 2019.
- (2) Ms. Shanshan Zhu has been a director of the Company since February 26, 2016.
- (3) Ms. Hanxuan Wu was appointed as a director of the Company and the chair of the audit committee on September 20, 2019.
- (4) Mr. Eason Chen was appointed as the interim CFO of the Company on October 8, 2019.
- (5) Mr. Garry Wong was the CFO of the Company from October 19, 2017 to October 7, 2019.
- (6) Ms. Rachel Wang was the President, CEO, and a director of the Company from October 19, 2017 to March 31, 2019.
- (7) Mr. Xiaochuan Guo was the COO, and a director of the Company from October 19, 2017 to February 24, 2019, and was appointed as the President, the CEO, and a director from February 25, 2019 to September 20, 2019. He is not officer or director after September 20, 2019.
- (8) Mr. Jiasheng (Galen) Cheng was a director of the Company from May 28, 2018 to September 20, 2019.
- (9) Ying Zhou has been a director of the Company since November 27, 2012. He was appointed the CFO of the Company on February 26, 2016 and he resigned as a director and the CFO of the Company on October 19, 2017.

**Stock Options and Other Compensation Securities**

The following table sets out all compensation securities granted or issued to each director and NEO by the Company or any subsidiary thereof in the year ended January 31, 2019 for services provided, or to be provided, directly or indirectly, to the Company or any subsidiary thereof:

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
Di Deng President, CEO and Director	Stock Option	100,000	Mar. 15, 2016	0.12	0.12	0.30	Mar. 15, 2021
Shanshan Zhu Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Hanxuan Wu Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Eason Chen Interim CFO	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Yan Zhang <sup>(1)</sup> Former CFO and Director	Stock Option Stock Option	100,000 40,000	Dec. 8, 2014 Mar. 15, 2016	0.16 0.12	0.16 0.12	0.16 0.30	Dec. 8, 2019 Mar. 15, 2021
Garry Wong Former CFO	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Xiaochuan Guo Former CEO	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Galen Cheng Former director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Rachel Wang Former President, CEO and director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Ying Zhou <sup>(2)</sup> Former CFO and Former Director	Stock Option Stock Option	100,000 60,000	Oct. 7, 2013 Mar. 15, 2016	0.16 0.12	0.16 0.12	0.16 0.30	Oct. 7, 2018 Mar. 15, 2021

**Notes:**

- (1) Ms. Yan Zhang resigned from the positions as the CFO and a director of the Company on February 26, 2016.  
(2) Stock options issued to Mr. Ying Zhou was forfeited on October 19, 2017.

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

No director or NEO exercised any compensation securities, being solely comprised of stock options, during the year ended January 31, 2019.

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

The Company's Stock Option Plan provides that the Board may, from time to time, in its discretion, grant to directors, officers, employees, consultants and other personnel of the Company and its subsidiaries or affiliates, options to purchase Shares. The Stock Option Plan is a "rolling" stock option plan, whereby the aggregate number of Shares reserved for issuance, together with any other Shares reserved for issuance under any other plan or agreement of the Company, shall not exceed ten (10%) percent of the total number of issued Shares (calculated on a non-diluted basis) at the time an option is granted. As at the date hereof, there are 240,000 options outstanding under the Stock Option Plan.

A copy of the Stock Option Plan is available for review on the Company's profile at [www.sedar.com](http://www.sedar.com) and at the office of the Company at Suite 1552 – 701 West Georgia Street, Vancouver, British Columbia, V7Y 1C6 or at the registered offices of the Company, at 20<sup>th</sup> Floor – 250 Howe Street, Vancouver, British Columbia, V6M 1B9 during normal business hours up to and including the date of the Meeting.

### **Employment, Consulting and Management Agreements**

For the year ended January 31, 2019, the Company does not have any employment, consulting or management agreements or arrangements with any of the current NEOs or directors.

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

The Board has not created or appointed a compensation committee given the Company's current size and stage of development.

All tasks related to developing and monitoring the Company's approach to the compensation of its NEOs and directors are performed by the members of the Board. The compensation of the NEOs, directors and the Company's employees or consultants is reviewed, recommended and approved by the Board without reference to any specific formula or criteria. NEOs that are also directors of the Company are involved in discussion relating to compensation, and disclose their interest in and abstain from voting on compensation decisions relating to them, as applicable, in accordance with the applicable corporate legislation.

The Company's compensation program is intended to attract, motivate, reward and retain the management talent needed to achieve the Company's business objectives of improving overall corporate performance and creating long-term value for the shareholders. The compensation program is intended to reward executive officers on the basis of individual performance and achievement of corporate objectives, including the advancement of the exploration and development goals of the Company.

The Company's current compensation program is comprised of three major components: base salary or fees, short term incentives such as discretionary bonuses and long term incentives such as stock options.

In making compensation decisions, the Board strives to find a balance between short-term and long-term compensation and cash versus equity incentive compensation. Base salaries or fees and discretionary cash bonuses primarily reward recent performance and incentive stock options encourage NEOs and directors to continue to deliver results over a longer period of time and serve as a retention tool. The annual salary or fee for each NEO, as applicable, is determined by the Board based on the level of responsibility and experience of the individual, the relative importance of the position to the Company, the professional qualifications of the individual and the performance of the individual over time. The NEOs' performances and salaries or fees are to be reviewed periodically. Increases in salary or fees are to be evaluated on an individual basis and are performance and market-based. The amount and award of cash bonuses to key executives and senior management is discretionary, depending on, among other factors, the financial performance of the Company and the position of a participant.

**Pension Benefits**

The Company does not have a pension benefit arrangement under which the Company have made payments to the directors and or Named Executive Officers of the Company during its fiscal year ended January 31, 2019 or intends to make payments to the Company's directors or Named Executive Officers upon their retirement (other than the payments set out above and those made, if any, pursuant to the Canada Pension Plan or any government plan similar to it).

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

The following table sets forth details of the Company's compensation plans under which equity securities of the Company are authorized for issuance at the end of the Company's most recently completed financial year ended January 31, 2019.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
<b>Equity compensation plans previously approved by security holders</b>	100,000 (expiring 12/8/2019)  140,000 (expiring 3/5/2021)	\$0.16   \$0.12	7,173,743
<b>Equity compensation plans not previously approved by security holders</b>	Nil	Nil	Nil
<b>Total</b>	240,000	\$0.14	7,173,743

**APPOINTMENT OF AUDITOR**

Manning Elliott LLP are the current auditors of the Company and receive remuneration fixed by the Board. Manning Elliott LLP was first appointed as the Company's auditors in 2012.

At the Meeting, Shareholders will be asked to vote for the appointment of Manning Elliott LLP to serve as auditor of the Company for the Company's fiscal year ending January 31, 2020, at a remuneration to be fixed by the Company's Board.

**Management recommends Shareholders vote for the appointment of Manning Elliott LLP as the Company's auditors for the Company's fiscal year ending January 31, 2020, at a remuneration to be fixed by the Board.**

**AUDIT COMMITTEE DISCLOSURE**

NI 52-110 of the Canadian Securities Administrators requires the Company, as a venture issuer, to disclose annually in its Circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor.

## **The Audit Committee Charter**

The full text of the Company's Audit Committee Charter is disclosed at Schedule "A" to this Circular.

## **Composition of the Audit Committee**

The Company's Audit Committee has been comprised of three directors: Galen Cheng, Rachel Wang and Shanshan Zhu. All of the Audit Committee members are "financially literate" as defined in NI 52-110, as all have the industry experience necessary to understand and analyze financial statements of the Company, as well as the understanding of internal controls and procedures necessary for financial reporting. We are of the view that only Rachel Wang is not independent because she also serves as the Chief Executive Officer of the Company.

The Audit Committee is responsible for review of both interim and annual financial statements for the Company. For the purposes of performing their duties, the members of the Audit Committee have the right at all times, to inspect all the books and financial records of the Company and any subsidiaries and to discuss with management and the external auditors of the Company any accounts, records and matters relating to the financial statements of the Company. The audit committee members meet periodically with management and annually with the external auditors.

## **Relevant Education and Experience**

Each of Di Deng, Shanshan Zhu, and Hanxuan Wu meet the requirements set out in Section 3 – Relevant Education and Experience of Form 52-110F2 – Audit Committee Disclosure by Venture Issuers.

### *Di Deng*

Mr. Deng is a founder of several companies and has experience in various technical fields like peer-to-peer ("P2P") technology, video, cloud computing and blockchain assets technology. Mr. Deng holds more than thirty patents in the cloud computing, and was awarded the title of cloud computing expert by Ministry of Industry and Information Technology (MIIT) of China in 2013. Mr. Deng serves as a director of Asia Digital Asset Finance Association and a director of China Institute of Industrial Cluster of Tsinghua University. Mr. Deng is the investment advisor in blockchain production for Cherubic Venture, the founder of yuanbaohui.com that provides the largest trading platform for multiple digital assets, and the leading role in developing Taiyi system that is the first blockchain capital system for independent intellectual property in China.

### *Shanshan Zhu*

Ms. Zhu graduated in 2006 from Northwestern Industry University majoring in Public Relations and Secretary. She joined Air China Limited in August 2006, and served in the international sector since then.

### *Hanxuan Wu*

Ms. Wu has over 7 years' experience in capital market and merger and acquisition.

## **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, the Company's Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

## **Reliance on Certain Exemptions**

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 (*De Minimis Non-audit Services*) provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total

fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 (*Exemptions*) permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110 in whole or in part.

### **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. The full text of the Company's Audit Committee Charter is disclosed at Schedule "A" to this Circular.

### **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:

<b>Financial Year Ended</b>	<b>Audit Fees (\$)</b>	<b>Audit Related Fees (\$)</b>	<b>Tax Fees (\$)</b>	<b>All Other Fees (\$)</b>
<b>January 31, 2019</b>	\$25,500	\$9,650	\$3,600	Nil
<b>January 31, 2018</b>	\$38,000	\$1,500	\$3,600	Nil

### **Exemption**

The Company is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

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

No current or former director, executive officer or employee, proposed nominee for election to the Board, or associate of such persons is, or has been, indebted to the Company since the beginning of the most recently completed financial year of the Company and no indebtedness remains outstanding as at the date of this Circular.

None of the directors or executive officers of the Company is or, at any time since the beginning of the most recently completed financial year, has been indebted to the Company. None of the directors' or executive officers' indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year, has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

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

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 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 has materially affected or would materially affect the Company, except with an interest arising from the ownership of Shares where such person 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**

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

### **CORPORATE GOVERNANCE**

Pursuant to National Instrument 58-101 Disclosure of Corporate Governance Practices, the Company is required to disclose its corporate governance practices as follows:

#### **Board of Directors**

The Board of the Company facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board.

Di Deng, is the President and Chief Executive Officer since September 20, 2019. Ms. Shanshan Zhu is a related person with Mr. Di Deng. Therefore, both Mr. Deng and Ms. Zhu are therefore not considered independent. Ms. Hanxuan Wu is the independent director.

#### **Directorships**

None of the Company (or nominees for director) are presently a director of another reporting issuers.

#### **Orientation and Continuing Education**

The Company has not formalized an orientation program. If a new director was appointed or elected, however, he or she would be provided with orientation and education about the Company which would include information about the duties and obligations of directors, the business and operations of the Company, documents from recent board meetings and opportunities for meetings and discussion with senior management and other directors. Specific details of the orientation of each new director would be tailored to that director's individual needs and areas of interest.

The Company does provide continuing education opportunities to directors so that they may maintain or enhance their skills and abilities as directors and ensure that their knowledge and understanding of the Company's business remains current.

#### **Ethical Business Conduct**

The Company has not taken any formal steps to promote a culture of ethical business conduct, but the Company and its management are committed to conducting its business in an ethical manner. This is accomplished by management actively doing the following in its administration and conduct of the Company's business:

1. The promotion of integrity and deterrence of wrongdoing.
2. The promotion of honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest.
3. The promotion of avoidance or absence of conflicts of interest.

4. The promotion of full, fair, accurate, timely and understandable disclosure in public communications made by the Company.
5. The promotion of compliance with applicable governmental laws, rules and regulations.
6. Providing guidance to the Company's directors, officers and employees to help them recognize and deal with ethical issues.
7. Helping foster a culture of integrity, honesty and accountability throughout the Company.

#### **Nomination of Directors**

The Board as a whole is responsible for identifying and evaluating qualified candidates for nomination to the Board.

In identifying candidates, the Board considers the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess, the competencies and skills that the Board considers each existing director to possess, the competencies and skills each new nominee will bring to the Board and the ability of each new nominee to devote sufficient time and resources to his or her duties as a director.

#### **Compensation**

The Board as a whole is responsible for reviewing the adequacy and form of compensation paid to the Company's executives and key employees, and ensuring that such compensation realistically reflects the responsibilities and risks of such positions. In fulfilling these responsibilities, the Board evaluates the performance of the Company's chief executive officer and other senior management in light of corporate goals and objectives, and makes recommendations with respect to compensation levels based on such evaluations.

#### **Other Board Committees**

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

#### **Assessments**

The Board has not, as of the present time, taken any formal steps to assess whether the Board, its committees and its individual directors are performing effectively.

**The Board believes the passing of the above resolution is in the best interests of the Company and recommends that Shareholders vote IN FAVOUR of the Change of Name Resolution. The persons named in the Proxy or VIF as Proxyholders intend to vote the Shares represented by Proxies and VIFs in favour of the proposed resolution.**

#### **INCORPORATION BY REFERENCE**

Information has been incorporated by reference in this Circular from documents filed with the Securities Commissions or similar authorities in certain provinces of Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Company registered office at 20<sup>th</sup> Floor, 250 Howe Street, Vancouver, British Columbia, V6M 1B9 or by accessing the disclosure documents available through SEDAR at [www.sedar.com](http://www.sedar.com).

Any statement contained in a document incorporated or deemed to be incorporated by reference in this Circular is deemed to be modified or superseded for the purposes of this Circular to the extent that a statement contained in this Circular or in any subsequently filed document also is or is deemed to be incorporated by reference modifies or supersedes such statement. Any statement so modified or superseded will not constitute a part of this Circular, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. Making such a modifying or superseding statement is not an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, untrue statement of material fact, nor an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Shareholders may contact the Company at its office by mail at #1552 - 701 West Georgia Street, Vancouver, British Columbia V7Y 1C6, to request copies of the Company's financial statements and related Management's Discussion and Analysis (the "MD&A"). Financial information is provided in the Company's audited financial statements and MD&A for the year ended January 31, 2019.

#### **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 Circular have been approved and the delivery of it to each Shareholder of the Company entitled thereto and to the appropriate regulatory agencies has been authorized by the Board of the Company which are available on the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

DATED at Vancouver, British Columbia as of 13<sup>th</sup> day of November, 2019

On Behalf of the Board

*"Di Deng"*

Di Deng

President, Chief Executive Officer and Director

## **SCHEDULE "A" - AUDIT COMMITTEE CHARTER**

The following Audit Committee Charter was adopted by the Audit Committee of the Board of Directors and the Board of Directors of Cascadia Blockchain Group Corp. (the "Company"):

### *Mandate*

The primary function of the audit committee (the "Committee") is to assist the Company's Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements;
- review and appraise the performance of the Company's external auditors; and
- provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

### *Composition*

The Committee shall be comprised of a minimum of three directors as determined by the Board of Directors. If the Company ceases to be a "venture issuer" (as that term is defined in NI 52-110), then all of the members of the Committee shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

If the Company ceases to be a "venture issuer" (as that term is defined in NI 52-110), then all members of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company's Audit Committee Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

### *Meetings*

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

### *Responsibilities and Duties*

To fulfill its responsibilities and duties, the Committee shall:

1. Documents/Reports Review

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

2. External Auditors

- (a) review annually, the performance of the external auditors who shall be ultimately accountable to the Company's Board of Directors and the Committee as representatives of the shareholders of the Company;
- (b) obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1;
- (c) review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors;
- (d) take, or recommend that the Company's full Board of Directors take appropriate action to oversee the independence of the external auditors, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (e) recommend to the Company's Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval;
- (f) recommend to the Company's Board of Directors the compensation to be paid to the external auditors;
- (g) at each meeting, consult with the external auditors, 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;
- (h) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company;
- (i) review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements; and
- (j) review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided,
  - (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services, and

- (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

3. Financial Reporting Processes

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

4. Other

- (a) review any related-party transactions;
- (b) engage independent counsel and other advisors as it determines necessary to carry out its duties; and
- (c) to set and pay compensation for any independent counsel and other advisors employed by the Committee.