

# ATLAS CLOUD ENTERPRISES INC.

308 East 5th Avenue  
Vancouver, British Columbia V5T 1H4  
Telephone: (778) 871-0357

## INFORMATION CIRCULAR

(As at May 20, 2016, except as indicated)

Atlas Cloud Enterprises Inc. (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 and special general meeting (the “Meeting”) of the Company to be held on June 30, 2016 and at any adjournments thereof. Unless the context otherwise requires, when we refer in this Information Circular to the Company, its subsidiaries are also included. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation.

### APPOINTMENT OF PROXYHOLDER

The purpose of a proxy is to designate persons who will vote the proxy on a shareholder’s behalf in accordance with the instructions given by the shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or Directors of the Company (the “Management Proxyholders”).

**A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person’s name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.**

### VOTING BY PROXY

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting.** 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 shares will be voted accordingly.

**If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management 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.

### COMPLETION AND RETURN OF PROXY

Completed forms of proxy must be deposited at the office of the Company’s registrar and transfer agent, Computershare Trust Company of Canada, 100 University Avenue 9th Floor, Toronto, Ontario, M5J 2Y1, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, 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 (a “Nominee”). If you purchased your shares through a broker, you are likely an unregistered holder.

In accordance with securities regulatory policy, the Company has distributed copies of the Meeting materials, being the Notice of Meeting, this Information Circular and the Proxy, to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your Shares are voted at the Meeting.

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.

In addition, Canadian securities legislation now permits the Company to forward meeting materials directly to “non-objecting beneficial owners”. 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 Company (and not the Nominee holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions.

#### **REVOCABILITY OF PROXY**

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a registered shareholder, his attorney authorized in writing or, if the registered 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. **Only registered shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must, at least 7 days before the Meeting, arrange for their Nominees to revoke the proxy on their behalf.**

#### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Company is authorized to issue an unlimited number of common shares without par value (the “shares”), of which 16,908,833 shares are issued and outstanding as at May 20, 2016. Persons who are registered shareholders at the close of business on May 20, 2016 will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held. The Company has only one class of shares.

To the knowledge of the Directors and executive officers of the Company, the only persons or companies who beneficially own, control or direct, directly or indirectly, shares carrying 10% or more of the voting rights attached to all shares of the Company is as follows:

<i>Name</i>	<i>No. of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly</i>	<i>Percentage of Outstanding Shares</i>
Fred Stearman	2,502,000	14.8%

#### **ELECTION OF DIRECTORS**

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 appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Shareholder approval will be sought to fix the number of Directors of the Company at five (5).

The Company is required to have an audit committee. Members of the audit committee are as set out below.

Management of the Company proposes to nominate each of the following persons for election as a Director. Information concerning such persons, as furnished by the individual nominees, is as follows:

<i>Name, Jurisdiction of Residence and Position</i>	<i>Principal Occupation or employment and, if not a previously elected Director, occupation during the past 5 years</i>	<i>Previous Service as a Director</i>	<i>Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly<sup>(2)</sup></i>
Frederick Stearman British Columbia, Canada <i>President, CEO and Director</i>	Chief Executive Officer; Former President of NextLayer Inc. (2012 – 2014). Formerly with Bell Canada (5 years) in ICT (information, computer technology department). Over 30 years of IT experience.	since July 4, 2014	2,502,000
Martin Burian <sup>(1)</sup> British Columbia, Canada <i>Director</i>	Currently CFO of Heffel Gallery Ltd.; Former CFO and Director of Tinkerine Studios Ltd. (TSX-V:TTD); Former Managing Director of Investment Banking for Haywood Securities Inc. (2010 – mid 2013); Former President of Bolder Investment Partners (2009 until its merger with Haywood Securities Inc. in 2010).	since July 9, 2014	550,000
Dr. John Veltheer British Columbia, Canada <i>Director</i>	Chief Executive Officer of Lateral Gold Corp. (TSX-V:LTG)(since December 2014); Chief Executive Officer of Orange Minerals Corp., (since December 2010).	since July 9, 2014	250,000
Laurie Sadler <sup>(1)</sup> British Columbia, Canada <i>Director</i>	Chief Executive Officer; Retired Chartered Accountant. Former CEO of CCT Capital (April 2006 – April 2014); Former CFO of Coastport Capital Inc. (May 2006 to June 2010).	since July 9, 2014	450,000
Nicholas Glass <sup>(1)</sup> British Columbia, Canada <i>Director</i>	Mediator and arbitrator in labour relations disputes and civil claims (since April 1990)	since July 16, 2014	1,033,333

<sup>(1)</sup> Member of the audit committee.

<sup>(2)</sup> Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at May 20, 2016, based upon information furnished to the Company by individual Directors. Unless otherwise indicated, such shares are held directly.

No proposed Director is to be elected under any arrangement or understanding between the proposed Director and any other person or company, except the Directors and executive officers of the company acting solely in such capacity.

To the knowledge of the Company, except for Dr. John Veltheer, 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 (“CEO”) or chief financial officer (“CFO”) of any company (including the Company) that:
  - (i) was the subject, while the proposed Director was acting in the capacity as Director, CEO or CFO 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 proposed Director ceased to be a Director, CEO or CFO but which resulted from an event that occurred while the proposed Director was acting in the capacity as Director, CEO or CFO 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 proposed 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 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 proposed Director.

Dr. Veltheer is a director of Echelon Petroleum Corp. (now named Trenchant Capital Corp.) which was subject to a cease trade order from the TSX Venture Exchange (the “Exchange”) from August 6, 2015 to April 25, 2016 for failing to file its annual audited financial statements for the year ended March 31, 2015 and management’s discussion and analysis for the period ended March 31, 2015 on a timely basis.

The following Directors of the Company hold Directorships in other reporting issuers as set out below:

<i>Name of Director</i>	<i>Name of Other Reporting Issuers</i>
Martin Burian	Cap-Ex Iron Ore Ltd.; Elysee Development Corp
Dr. John Veltheer	Trenchant Capital Corp.; Mezzi Holdings Inc.; Lateral Gold Corp.
Laurie Sadler	Montreaux Capital Corp.

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The Company is aware of the challenges that it faces in its present stage of development and the financial limitations of being a co-location and back-up/redundancy IT, and Cloud computing business in the current financial markets. During its start-up phase, amounts paid to the CEO and CFO for management services have been nominal. As the Company’s level of activity and performance increases these will be considerations in determining future compensation.

Presently, the Company does not have in place any formal objectives, criteria or analysis for determining or assessing the compensation of its executive officers and Directors, nor does it have a compensation committee. As the Company’s business and operations continue to grow in size and complexity, it is anticipated that the Company will establish a compensation committee with formal objectives and policies.

The duties and responsibilities of the President and CEO are typical of those of a business entity of the Company’s size and in a similar business and include direct reporting responsibility to the Board, overseeing the activities of all other executive and management consultants, representing the Company, providing leadership and responsibility for achieving corporate goals and implementing corporate policies and initiatives.

The compensation of Company officers and Directors is based on an incentive philosophy with the intent that all efforts will be directed toward a common objective of creating shareholder value. The compensation strategy is to attract and retain talent and experience with focused leadership in the operations, financing, and exploration asset management of the Company with the objective of maximizing the value of the Company. The officers and Board of Directors each have defined skills and experience that are essential to an IT company in the technical industry.

The incentive component of the Company’s compensation program is the potential longer term reward provided through the grant of stock options. The Company’s Stock Option Plan is intended to attract, retain and motivate officers and Directors of the Company in key positions, and to align the interests of those individuals with those of the Company’s shareholders. The Stock Option Plan provides such individuals with an opportunity to acquire a proprietary interest in the Company’s value growth through the exercise of stock options. Options are granted at the

discretion of the Board of Directors, which considers factors such as how other technical companies grant options and the potential value that each optionee is contributing to the Company. The number of options granted to an individual is based on such considerations. Stock options are granted at an exercise price of not less than the prevailing market price of the Company's common shares at the time of the grant, and for a term of exercise not exceeding ten years.

The stage of the Company's development and the small size of its management team allow frequent communication and constant management decisions in the interest of developing shareholder value as a primary goal.

#### *Elements of Executive Compensation*

The Company's executive compensation policy consists of an annual base salary and long term incentives in the form of stock options granted under the Company's Stock Option Plan.

The base salaries paid to officers of the Company are intended to provide fixed levels of pay that reflect each officer's primary duties and responsibilities and the level of skill and experience required to successfully perform their role. The Company intends to pay base salaries to officers that are competitive with those for similar positions in the mining industry to attract and retain executive talent in the market in which the Company competes for talent.

#### *Compensation Policies and Risk Management*

The Board of Directors considers the implications of the risks associated with the Company's compensation policies and practices when determining rewards for its officers. Commencing in 2016, the Board of Directors intends to review at least once annually the risks, if any, associated with the Company's compensation policies and practices at such time.

Executive compensation is comprised of short-term compensation in the form of a base salary and long-term ownership through the Company's Stock Option Plan. This structure ensures that a significant portion of executive compensation (stock options) is both long-term and "at risk" and, accordingly, is directly linked to the achievement of business results and the creation of long term shareholder value. As the benefits of such compensation, if any, are not realized by officers until a significant period of time has passed, the ability of officers to take inappropriate or excessive risks that are beneficial to their short-term compensation at the expense of the Company and the shareholders is extremely limited. Furthermore, the short-term component of executive compensation (base salary) represents a relatively small part of the total compensation. As a result, it is unlikely an officer would take inappropriate or excessive risks at the expense of the Company or the shareholders that would be beneficial to their short-term compensation when their long-term compensation might be put at risk from their actions.

Due to the small size of the Company and the current level of the Company's activity, the Board of Directors is able to closely monitor and consider any risks which may be associated with the Company's compensation policies and practices. Risks, if any, may be identified and mitigated through Board meetings during which financial and other information of the Company are reviewed. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

#### *Hedging of Economic Risks in the Company's Securities*

The Company has not adopted a policy prohibiting Directors or officers from purchasing financial instruments that are designed to hedge or offset a decrease in market value of the Company's securities granted as compensation or held, directly or indirectly, by Directors or officers. However, the Company is not aware of any Directors or officers having entered into this type of transaction.

#### **Option-based Awards**

The Company's Stock Option Plan has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the longer-term operating performance of the Company. In determining the number of options to be granted to the executive officers, the Board takes into account the number of options, if any, previously granted to each executive officer, and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the TSX Venture Exchange, and closely align the interests of the executive officers with the interests of shareholders.

The Board of Directors as a whole has the responsibility to administer the compensation policies related to the executive management of the Company, including option-based awards.



## Compensation Governance

Options are granted at the discretion of the Board of Directors, which considers factors such as how other technical companies grant options and the potential value that each optionee is contributing to the Company. The number of options granted to an individual is based on such considerations.

## Summary Compensation Table

The following table (presented in accordance with National Instrument Form 51-102F6 (“Statement of Executive Compensation”) which came into force on December 31, 2008 (the “Form 51-102F6”)) sets forth all annual and long term compensation for services in all capacities to the Company for the most recently completed financial year of the Company ending on May 31, 2015 (to the extent required by Form 51-102F6) in respect of each of the individuals comprised of each CEO and the CFO who acted in such capacity for all or any portion of the most recently completed financial year, and each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, (other than the CEO and the CFO), as at May 20, 2016 whose total compensation was, individually, more than \$150,000 for the financial year and any individual who would have satisfied these criteria but for the fact that individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year (collectively the “Named Executive Officers” or “NEOs”).

NEO Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) <sup>(3)</sup>	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
Fred Stearman President and CEO	2015	72,000	Nil	60,077	Nil	Nil	Nil	Nil	132,077
	2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Laurie Sadler CFO	2015	Nil	Nil	16,688	Nil	Nil	Nil	Nil	16,688
	2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Richard Graham <sup>(1)</sup> Former President and CEO	2015	N/A	N/A	N/A	N/A	Nil	N/A	N/A	N/A
	2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
John Downes <sup>(2)</sup> Former CFO	2015	N/A	N/A	N/A	N/A	Nil	N/A	N/A	N/A
	2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(1) Richard Graham was appointed as President and CEO on January 21, 2010. He resigned on July 4, 2014.

(2) John Downes was appointed as CFO on October 11, 2012. He resigned on July 9, 2014.

(3) The Company used the Black-Scholes pricing model as the methodology to calculate the grant date fair value, and relied on the following the key assumptions and estimates for each calculation under the following assumptions: (i) risk free interest rate of 2.11% (ii) expected dividend yield of 0%; (iii) expected volatility of 130.77%; and (iv) an expected term of ten years. The Black-Scholes pricing model was used to estimate the fair value as it is the most accepted methodology.

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

The following table sets out all the option-based and share-based awards outstanding as at May 31, 2015, for each NEO:

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options (\$) <sup>(1)</sup>	Number of Shares Or Units Of Shares That Have Not Vested (#)	Market or Payout Value Of Share-Based Awards That Have Not Vested (\$)
Fred Stearman President, CEO and Director	450,000	0.25	Sep 5, 2024	Nil	N/A	N/A

<i>Name</i>	<i>Option-Based Awards</i>				<i>Share-Based Awards</i>	
	<i>Number of Securities Underlying Unexercised Options (#)</i>	<i>Option Exercise Price (\$)</i>	<i>Option Expiration Date</i>	<i>Value of Unexercised In-The-Money Options (\$)<sup>(1)</sup></i>	<i>Number of Shares Or Units Of Shares That Have Not Vested (#)</i>	<i>Market or Payout Value Of Share-Based Awards That Have Not Vested (\$)</i>
Laurie Sadler <i>CFO and Director</i>	125,000	0.25	Sep 5, 2024	Nil	N/A	N/A

(1) The Company granted 1,100,000 options to officers and directors on September 5, 2014

(2) Value of unexercised in-the-money options is calculated based on the difference between the market value of the Company's common shares as at May 31, 2015 (closing price of \$0.185) and the exercise price of the options.

### Incentive Plan Awards – Value Vested or Earned During the Year Ending May 31, 2015

<i>Name</i>	<i>Option-Based Awards - Value Vested During The Year (\$)</i>	<i>Share-Based Awards - Value Vested During The Year (\$)</i>	<i>Non-Equity Incentive Plan Compensation - Value Earned During The Year (\$)</i>
Fred Stearman, <i>President, CEO and Director</i>	60,077	Nil	Nil
Laurie Sadler, <i>CFO and Director</i>	16,688	Nil	Nil

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

The Company does not have any incentive plans, pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period is awarded, earned, paid or payable to the NEOs.

### Pension Plan Benefits

The Company does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

### Termination and Change of Control Benefits

The Company has no employment contracts with any Named Executive Officer, except as follows.

The Company has a management agreement with Frederick Stearman pursuant to the terms of which the Company pays a monthly management fee in the amount of \$6,000 to Mr. Stearman. The management agreement provides that in the event the Company terminates the management agreement without cause, Frederick Stearman is entitled to a severance payment in the amount of three months' pay, which increases by one months' pay for each additional year of service provided. There are no conditions or obligations which Frederick Stearman has to comply with in order to receive his severance pay. Except as set out above, there are no other obligations to compensate Frederick Stearman on resignation, retirement or any other termination.

### Director Compensation

The following table sets forth all amounts of compensation provided to the Directors, who are each not also a Named Executive Officer, for the Company's financial year ended May 31, 2015:

<i>Director Name</i>	<i>Fees Earned (\$)</i>	<i>Share-Based Awards (\$)</i>	<i>Option-Based Awards (\$)<sup>(1)</sup></i>	<i>Non-Equity Incentive Plan Compensation (\$)</i>	<i>Pension Value (\$)</i>	<i>All Other Compensation (\$)</i>	<i>Total (\$)</i>
John Veltheer <i>Director</i>	Nil	Nil	16,688	Nil	Nil	Nil	Nil
Nicholas Glass <i>Director</i>	Nil	Nil	16,688	Nil	Nil	Nil	Nil
Martin Burian <i>Director</i>	Nil	Nil	16,688	Nil	Nil	Nil	Nil

(1) The Company used the Black-Scholes pricing model as the methodology to calculate the grant date fair value, and relied on the following the key assumptions and estimates for each calculation under the following assumptions: (i) risk free interest rate of 2.11% (ii) expected dividend yield of 0%; (iii) expected volatility of 130.77%; and (iv) an expected term of ten years. The Black-Scholes pricing model was used to estimate the fair value as it is the most accepted methodology.

The Company has no arrangements, standard or otherwise, pursuant to which Directors are compensated by the Company for their services in their capacity as Directors, or for committee participation, involvement in special assignments or for services as a consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this Information Circular.

The Company has a Stock Option Plan for the granting of incentive stock options to the officers, employees, consultants and Directors. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the Directors of the Company and to closely align the personal interests of such persons to that of the shareholders.

#### Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

<i>Director Name</i>	<i>Option-Based Awards</i>				<i>Share-Based Awards</i>	
	<i>Number of Securities Underlying Unexercised Options (#)</i>	<i>Option Exercise Price (\$) <sup>(1)</sup></i>	<i>Option Expiration Date</i>	<i>Value of Unexercised In-The-Money Options (\$) <sup>(2)</sup></i>	<i>Number of Shares Or Units Of Shares That Have Not Vested (#)</i>	<i>Market or Payout Value Of Share-Based Awards That Have Not Vested (\$)</i>
John Veltheer <i>Director</i>	125,000	0.25	Sep 5, 2024	Nil	N/A	N/A
Nicholas Glass <i>Director</i>	125,000	0.25	Sep 5, 2024	Nil	N/A	N/A
Martin Burian <i>Director</i>	125,000	0.25	Sep 5, 2024	Nil	N/A	N/A

(1) The Company granted 1,100,000 options to officers and directors on September 5, 2014

(2) Value of unexercised in-the-money options is calculated based on the difference between the market value of the Company's common shares as at May 31, 2015 (closing price of \$0.185) and the exercise price of the options.

The Company does not have any incentive plans, pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period is awarded, earned, paid or payable to the Directors.

#### Securities Authorized for Issuance Under Equity Compensation Plans

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

<i>Plan Category</i>	<i>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</i>	<i>Weighted-average exercise price of outstanding options, warrants and rights (b)</i>	<i>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</i>
<i>Equity compensation plans approved by securityholders (Stock Option Plan)</i>	1,100,000	\$0.25	590,883
<i>Equity compensation plans not approved by securityholders (Stock Option Plan)</i>	Nil	Nil	Nil
<i>TOTAL</i>	1,100,000	\$0.25	590,883

#### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at May 20, 2016, there was no indebtedness outstanding of any current or former Director, executive officer or employee of the Company which is owing to the Company or to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company, entered into in connection with a purchase of securities or otherwise.



No individual who is, or at any time during the most recently completed financial year was, a Director or executive officer of the Company, no proposed nominee for election as a Director of the Company and no associate of such persons:

- (i) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company; or
- (ii) whose 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,

in relation to a securities purchase program or other program.

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

Except as set out herein, no person who has been a Director or executive officer of the Company at any time since the beginning of the Company's last financial year, no proposed nominee of management of the Company for election as a Director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of Directors.

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

No informed person or proposed Director of the Company and no associate or affiliate of the foregoing persons has or 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 in either such case has materially affected or would materially affect the Company.

#### **APPOINTMENT OF AUDITORS**

Davidson & Company LLP, Chartered Accountants, of Vancouver, British Columbia, are the auditors of the Company. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the re-appointment of Davidson & Company LLP, Chartered Accountants, as the auditors of the Company to hold office for the ensuing year at a remuneration to be fixed by the Directors.

#### **MANAGEMENT CONTRACTS**

No management functions of the Company are performed to any substantial degree by a person other than the Directors or executive officers of the Company. See "Termination and Change of Control Benefits" for disclosure on the existing management contracts between the Company and a certain Director and officer of the Company.

#### **CORPORATE GOVERNANCE DISCLOSURE**

National Policy 58-201 establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

##### **Independence of Members of Board**

The Company's Board currently consists of five Directors, four of whom are independent based upon the tests for independence set forth in National Instrument 52-110 ("NI 52-110"). Martin Burian, Dr. John Veltheer and Nicholas Glass are independent. Fred Stearman and Laurie Sadler are not independent as they are the President and CEO and the CFO of the Company, respectively.

##### **Management Supervision by Board**

The operations of the Company do not support a large Board of Directors and the Board has determined that the current constitution of the Board is appropriate for the Company's current stage of development. Independent supervision of management is accomplished through choosing management who demonstrate a high level of integrity and ability and having strong independent Board members. The independent Directors are, however, able to meet at any time without any members of management including the non-independent Directors being present. Further supervision is performed through the audit committee which is composed of a majority of independent

Directors who meet with the Company's auditors without management being in attendance. The independent Directors also have access to the Company's legal counsel and its officers.

### **Risk Management**

The Board of Directors is responsible for adoption of a strategic planning process, identification of principal risks and implementing risk management systems, succession planning and the continuous disclosure requirements of the Company under applicable securities laws and regulations.

The audit committee is responsible for the risk management items set out in the audit committee charter.

### **Participation of Directors in Other Reporting Issuers**

The participation of the Directors in other reporting issuers is described in the table provided under "Election of Directors" in this Information Circular.

### **Orientation and Continuing Education**

While the Company does not have formal orientation and training programs, new Board members are provided with:

1. information respecting the functioning of the Board of Directors, committees and copies of the Company's corporate governance policies;
2. access to recent, publicly filed documents of the Company, technical reports and the Company's internal financial information;
3. access to management and technical experts and consultants; and
4. a summary of significant corporate and securities responsibilities.

Board members are encouraged to communicate with management, auditors and technical consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Company's operations. Board members have full access to the Company's records.

### **Ethical Business Conduct**

The Board views good corporate governance as an integral component to the success of the Company and to meet responsibilities to shareholders. The Board has adopted a Code of Conduct and has instructed its management and employees to abide by the Code.

### **Nomination of Directors**

The Board has responsibility for identifying potential Board candidates. The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the mineral exploration industry are consulted for possible candidates.

### **Compensation of Directors and the CEO**

The independent Directors are Martin Burian, Dr. John Veltheer and Nicholas Glass. These Directors have the responsibility for determining compensation for the Directors and senior management.

To determine compensation payable, the independent Directors review compensation paid for Directors and CEOs of companies of similar size and stage of development in the mineral exploration industry and determine an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the Directors and senior management while taking into account the financial and other resources of the Company. In setting the compensation the independent Directors annually review the performance of the CEO in light of the Company's objectives and consider other factors that may have impacted the success of the Company in achieving its objectives. As the Company is currently starting up operations, compensation levels have been very nominal.

### **Board Committees**

The Board has an Audit Committee currently in place comprised of independent board members.

## **Assessments**

The Board does not consider that formal assessments would be useful at this stage of the Company's development. The Board conducts informal annual assessments of the Board's effectiveness, the individual Directors and each of its committees.

## **Nomination and Assessment**

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including formal and informal discussions among Board members and the President and CEO. The Board monitors but does not formally assess the performance of individual Board members or committee members or their contributions.

## **Expectations of Management**

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives.

## **AUDIT COMMITTEE**

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

#### *Mandate*

The primary function of the audit committee (the "Committee") is to assist the 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.
- 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 three Directors as determined by the Board of Directors, the majority of whom 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.

At least one member 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 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 CFO and the external auditors in separate sessions.

#### *Responsibilities and Duties*

To fulfill its responsibilities and duties, the Committee shall:

### Documents/Reports Review

- (a) Review and update this Charter annually.
- (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.

### External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the 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 full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) 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.
- (g) 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.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) 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.

### *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 certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

#### Risk Management

1. To review, at least annually, and more frequently if necessary, the Company's policies for risk assessment and risk management (the identification, monitoring, and mitigation of risks).
2. To inquire of management and the independent auditor about significant business, political, financial and control risks or exposure to such risk.
3. To request the external auditor's opinion of management's assessment of significant risks facing the Company and how effectively they are being managed or controlled.
4. To assess the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board.

#### *Other*

Review any related-party transactions.

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

The following are the members of the Committee:

Martin Burian	Independent ①	Financially literate ①
Laurie Sadler	Not Independent ①	Financially literate ①
Nicholas Glass	Independent ①	Financially literate ①

① As defined by NI 52-110.

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

***Martin Burian (Chair)*** – Mr. Burian has over eighteen years of investment banking experience with Haywood Securities, Bolder Investment Partners and Canaccord Capital. He brings wealth of knowledge and expertise in finance, business planning and execution for growth companies. Martin is a CPA, CA and a Chartered Business Valuator and is on the boards of several public companies.

***Laurie Sadler*** – Mr. Sadler brings over 30 years' experience in public practice as a Chartered Accountant, as well as significant public company experience as both an officer and board member.

***Nicholas Glass*** – Mr. Glass is a Chartered Accountant with an MA Law, Trinity College Oxford. He is a mediator and labour arbitrator and has served on numerous boards as well as having Audit Committee Chair experience.

#### **Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

#### **Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-

110, in whole or in part, granted under Part 8 of NI 52-110. The Company is relying upon the exemption in Section 6.1 of NI 52-110 from the requirements of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations).

#### **Exemption in Section 6.1 of NI 52-110**

The Company is relying on the exemption in Section 6.1 of NI 52-110 from the requirement of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations).

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

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading “External Auditors”.

#### **External Auditors Service Fees (By Category)**

The aggregate fees billed by the Company’s external auditors in each of the last two fiscal years for audit fees are as follows:

<i>Financial Year Ending</i>	<i>Audit Fees</i>	<i>Audit Related Fees</i>	<i>Tax Fees</i>	<i>All Other Fees</i>
2015	\$28,560	Nil	\$2,500	Nil
2014	Nil	Nil	Nil	Nil
2013	\$13,515	Nil	Nil	Nil

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

#### **A. Financial Statements**

The audited financial statements of the Company for the year ended May 31, 2015, the auditors’ report thereon and management’s discussion and analysis (“MD&A”) will be tabled at the Meeting. A copy of the audited financial statements, the auditor’s report thereon and MD&A for the year ended May 31, 2015 are available on SEDAR at www.sedar.com and at the request of shareholders of the Company.

#### **B. Fixing the Number of Directors**

At the Meeting, it will be proposed that five (5) directors be elected to hold office for the next ensuing year, subject to the provisions of the articles of the Company relating to subsequent appointments by the Board. Management therefore intends to place before the Meeting, for approval, with or without modification, a resolution fixing the number of directors to be elected until the next annual meeting of shareholders, subject to the articles of the Company relating to subsequent appointments by the Board, at five members. **Unless otherwise directed, the persons named in the enclosed form of proxy, if named as proxy, intend to vote proxies in favour of the ordinary resolution fixing the number of directors to be elected at five members.**

#### **C. Election of Directors**

**It is the intention of the Management Designees, if named as proxy, to vote for the election of persons indicated in the table above to the Board.** Management does not contemplate that any of such nominees will be unable to serve as directors. However, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies in favour of Management Designees will be voted for another nominee in their discretion unless the shareholder has specified in his proxy that his shares are to be withheld from voting in the election of directors. Each director elected will hold office until the next annual meeting of shareholders or until his or her successor is duly elected, unless his or her office is earlier vacated in accordance with the by-laws of the Company. The enclosed form of proxy or voting instruction form provides for the shareholders or beneficial shareholders, as applicable, to vote for each director individually.

#### **D. Appointment of Auditor**

The management of the Company intends to nominate Davidson & Company LLP, Chartered Accountants, Vancouver, British Columbia, for re-appointment as the auditors of the Company at a remuneration to be fixed by the Board and to hold such office until the next annual meeting of the Company. **Unless otherwise directed, the persons named in the enclosed form of proxy, if named as proxy, intend to vote the Common Shares represented by any such proxy in favour of a resolution appointing Davidson & Company LLP, Chartered**



**Accountants, as auditor for the Company for the next ensuing year.** Davidson & Company LLP has served as auditor of the Company since March 6, 2010.

**E. Continuation of the Company under the *Business Corporations Act* (British Columbia) and the Adoption of New Charter Documents**

**Overview** The Company presently exists under the *Business Corporations Act* (Alberta) (the "**Alberta Act**"). Shareholders will be asked at the Meeting to consider and, if thought fit, to pass a special resolution (the "**Continuation Resolution**") designed to effect the continuation (the "**Continuation**") of the Company into British Columbia, where after the Company will be subject to the *Business Corporations Act* (British Columbia) (the "**BC Act**"). In addition to Shareholder approval, continuation into another jurisdiction is subject to the approval of the Alberta Registrar (on being satisfied that the Continuation will not adversely affect creditors or shareholders of the Company).

The BC Act adopts many provisions similar to those contained in corporate legislation elsewhere in Canada, including Alberta, and will permit the Company to take advantage of modernized corporate law procedures and requirements.

Management is of the view that the Company will also achieve efficiencies and cost savings by having its registered and records office in British Columbia where its head office and management is located. If the Continuation is approved, Shareholders will also be approving:

1. "Notice of Articles", which will provide that the Company's authorized capital be comprised of:
  - (a) an unlimited number of common shares without par value; and
  - (b) an unlimited number of preferred shares without par value, issuable in series, with special rights and restrictions attached; and
2. new articles (the "Articles") under the BC Act, which set rules for its conduct, similar to its existing bylaws under the Alberta Act, save as described herein.

The proposed Notice of Articles and Articles, which will govern the affairs of the Company if the Continuation Resolution is approved by Shareholders and the Continuation is completed, are available for viewing by request to the Company at Owen Bird Law Corporation, 29<sup>th</sup> Floor, Three Bentall Centre, 595 Burrard Street, Vancouver, British Columbia. The proposed Notice of Articles and Articles will also be available for inspection at the Meeting.

**Effect of Continuation** Upon completion of the Continuation, the Alberta Act will cease to apply to the Company and the Company will thereupon become subject to the BC Act, as if it had been originally incorporated as a British Columbia company. The Continuation will not result in any change in the business of the Company or its assets, liabilities, net worth or management or its share capital.

The Continuation will give rise to certain material changes in the corporate laws applicable to the Company. See the section titled "*Comparison between BC and Alberta Corporate Law*". The Continuation is not a reorganization, amalgamation or merger. Shareholders' shareholdings will not be altered by the Continuation (other than with respect to shareholders dissenting to the Continuation Resolution). See "*Rights of Dissent to the Continuation*" below for more information.

The Company believes the major changes between its existing by-laws under the Alberta Act and its new Articles under the BC Act will be as follows:

- (a) the Company may be permitted to create one or more classes or series of shares or to eliminate a class or series of shares if none of the shares of the class or series of shares are allotted or issued by way of a directors' resolution;
- (b) the Company may be permitted to consolidate or subdivide all or any of its unissued or fully paid issued shares in any manner by way of a directors' resolution;
- (c) the Company may be permitted to change its name by way of a directors' resolution; and
- (d) the residency requirements for directors are eliminated. This change will allow the Company to select the best possible directors with the most expertise, regardless of their residency.

The proposed Continuation gives rise to a right of dissent under Section 191 of the Alberta Act (see "*Shareholders Rights of Dissent to the Continuation*" below). If the right of dissent is exercised by any of the Shareholders entitled to do so, and the Company completes the Continuation, the Company would be required to purchase for cash the dissenting shareholders' shares in the capital of the Company at the fair value of those shares, as at the close of

business on the last business day before the special resolution approving the Continuation is adopted, subject to the Alberta Act.

#### **Procedure for the Continuation to become effective**

In order for the Continuation to become effective:

1. the Shareholders must authorize by special resolution the application by the Company (the “**Continuation Application**”) to the Registrar of Companies for British Columbia (the “**BC Registrar**”), requesting that the Company be continued as if it had been incorporated under the laws of British Columbia;
2. the Registrar of Corporations for Alberta (the “**Alberta Registrar**”) must consent to the proposed Continuation into British Columbia, upon being satisfied that the Continuation will not adversely affect creditors or the Shareholders;
3. the Company must file the consent of the Alberta Registrar, the Continuation Application and the Notice of Articles with the BC Registrar who will then issue a Certificate of Continuation;
4. the Company must file a copy of the Certificate of Continuation with the Alberta Registrar, who will then issue a Certificate of Discontinuance; and
5. on the date shown on the Certificate of Discontinuance, the Company becomes an extra provincial Company in Alberta as if it had been incorporated under the laws of British Columbia.

#### **Comparison between BC and Alberta Corporate Law**

The BC Act provides Shareholders substantially the same rights as are available to Shareholders under the Alberta Act, including rights of dissent and appraisal and rights to bring derivative actions and oppression actions. However, there are certain differences between the two statutes and the regulations thereunder. The following is a summary of certain differences between the Alberta Act and the BC Act which management of the Company considers to be of significance to Shareholders.

This summary is not an exhaustive review of the two statutes. Reference should be made to the full text of both statutes and the regulations thereunder for particulars of any differences between them, and Shareholders should consult their legal or other professional advisors with regard to the implications of the Continuation which may be of importance to them.

Notwithstanding the alteration of Shareholders' rights and obligations resulting from the Continuation under the BC Act and adoption of the proposed Notice of Articles and Articles, the Company will still be bound by the rules and policies of the British Columbia Securities Commission, the Alberta Securities Commission and the Ontario Securities Commission, as well as other applicable securities legislation.

#### **Charter Documents**

Under the BC Act, the charter documents consist of a "notice of articles", which sets forth the name of the Company and the amount and type of authorized capital and "articles" (collectively, the "**Charter Documents**") which govern the management of the Company. A Company in its Articles can establish levels for various shareholder approvals. The percentage of votes required for a special resolution, referred to as a “special majority”, can be specified in the Articles and may be no less than two-thirds and no more than three-quarters of the votes cast. The notice of articles is filed with the Registrar of Companies and the articles are filed only with the Company's registered and records office.

Under the Alberta Act, the Company has "articles", which set forth the name of the Company and the amount and type of authorized capital, the restrictions on share transfers (if any), the number of directors, and any restrictions on business. The Alberta Act does not provide for flexibility on shareholder approvals, which are either ordinary resolutions passed by a majority of the votes cast or, where specified in the ABCA, special resolutions which must be passed by not less than two-thirds of the votes cast.

Under the Alberta Act, companies also have "by-laws" which govern the management of the Company. The articles are filed with the Registrar of Corporations and the by-laws are filed only with the Company's registered and records office.

#### **Amendments to the Charter Documents of the Company**

Under the Alberta Act, a fundamental change to a Company's articles, such as a change in name and alterations to a Company's authorized capital, requires a special resolution passed by not less than two-thirds of the votes cast on the resolution by the shareholders of the Company. A change to a Company's by-laws requires only an ordinary resolution passed by a majority of the votes cast on the resolution by the shareholders of the Company. A fundamental change affecting the rights of the holders of a class of shares differently than those of the holders of other classes of shares requires a special resolution passed by not less than two-thirds of the votes cast by the holders of shares of each class.

Under the BC Act, changes to a Company's Notice of Articles or Articles generally require approval by a special resolution, however many of these changes may be made by ordinary resolution or a directors' resolution if so provided for in the Company's Articles. Other substantial changes, such as an alteration of the special rights and restrictions attached to issued shares, a proposed amalgamation or continuation of the Company out of the

jurisdiction, require a special resolution. In the case of a change to the special rights and restrictions attached to issued shares, separate consent by special resolution is required from the holders of each class of shares adversely affected.

***Sale of Company's Undertaking*** Under the BC Act, a company may sell, lease or otherwise dispose of all or substantially all of the undertaking of the company only if it does so in the ordinary course of its business or if it has been authorized to do so by a special resolution.

The BC Act does not specify whether holders of shares that do not otherwise carry a right to vote may vote on any proposed sale, lease or disposition of all or substantially all of the undertaking of a company.

Under the Alberta Act, a company may sell, lease or exchange all or substantially all of the property of the company (other than in the ordinary course of business of the company) only if it has been authorized by a special resolution. Each share of the company carries the right to vote in respect of the sale, lease or exchange whether or not such share otherwise carries the right to vote and, where a class or series of shares is affected by the sale, lease or exchange in a manner different from another class or series, the holders of shares of that affected class or series are entitled to vote separately on the transaction.

***Rights of Dissent and Appraisal*** The BC Act provides that shareholders who dissent to certain actions being taken by a company may exercise a right of dissent and require the company to purchase the shares held by such shareholder at the fair value of such shares. The dissent right is applicable where the company proposes to:

- (a) alter its articles to alter restrictions on the powers of the company or on the business it is permitted to carry on;
- (b) adopt an amalgamation agreement;
- (c) approve an amalgamation into a foreign jurisdiction;
- (d) approve an arrangement, the terms of which arrangement permit dissent;
- (e) authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;
- (f) authorize the continuation of the company into a jurisdiction other than British Columbia;
- (g) in respect of any other resolution, if dissent is authorized by the resolution; or (h) in respect of any court order that permits dissent.

The Alberta Act contains similar dissent rights. In Alberta, the dissent right is applicable where the Company proposes to:

- (a) amend its articles to change the restriction on share transfers, to remove or change any restrictions on the business that the Company may carry out, or to add or remove an express statement establishing the unlimited liability of the shareholders;
- (b) amalgamate with another company;
- (c) be continued under the laws of another jurisdiction; or
- (d) sell, lease or exchange all or substantially all of its property.

***Oppression Remedies*** Under the BC Act, a shareholder of a company has the right to apply to court on the grounds that:

- (a) the affairs of the company are being or have been conducted, or that the powers of the directors are being or have been exercised, in a manner oppressive to one or more of the shareholders, including the applicant, or some act of the company has been done or is threatened, or
- (b) some resolution of the shareholders or of the shareholders holding shares of a class or series of shares has been passed or is proposed, that is unfairly prejudicial to one or more of the shareholders, including the applicant.

On such an application, the court may make such order as it sees fit including an order to prohibit any act proposed by the company or an order to vary or set aside any transaction or resolution.

The Alberta Act contains rights that are substantially broader in that they are available to a larger class of complainants. The right under the Alberta Act extends to directors, officers or security holders (whether the security is legally or beneficially owned), former directors, officers or security holders (whether the security is legally or beneficially owned) of a company or any of its affiliates, creditors of the company (in the discretion of the court), or any other person who, in the discretion of a court, is a proper person to seek an oppression remedy. The court can make an order in respect of a company or any of its affiliates, where any act or omission of the company or its affiliates effects a result, or the business or affairs of the company or its affiliates are or have been carried on or conducted in a manner, or the powers of the directors of the company or any of its affiliates are or have been exercised in a manner, that is oppressive or unfairly prejudicial to, or that unfairly disregards the interest of, any security holder, creditor, director or officer. As is the case under the BC Act, on such an application, the court may

make such an order as it sees fit, including an order restraining the conduct complained of or an order compensating the complainant.

**Shareholder Derivative Actions** Under the BC Act, a shareholder or director of a company may, with judicial leave, bring an action in the name and on behalf of the company to enforce a right, duty or obligation owed to the company that could be enforced by the company itself or to obtain damages for any breach of such right, duty or obligation. There is a similar right of a shareholder or director, with leave of the court, and in the name and on behalf of the company, to defend an action brought against the company. The court will grant leave for an application to commence a derivative action if:

- (a) the complainant has made reasonable efforts to cause the directors of the company to prosecute or defend the legal proceeding;
- (b) notice of the application for leave has been given to the company and to any other person the court may order;
- (c) the complainant is acting in good faith; and
- (d) it appears to the court that it is in the best interests of the company for the legal proceeding to be prosecuted or defended.

The Alberta Act contains similar provisions for derivative actions but the right to bring a derivative action is available to a broader group - the right under the Alberta Act extends to directors, officers or security holders (whether the security is legally or beneficially owned), former directors, officers or security holders (whether the security is legally or beneficially owned) of a company or any of its affiliates, creditors of the company, or any other person who, in the discretion of a court, is a proper person to bring a derivative action. Also, the Alberta Act permits a complainant to commence an action in the name of a subsidiary of the company.

**Shareholders' Proposals** The Alberta Act provides that a person submitting a shareholder proposal must have been a registered owner or beneficial owner of either: (i) at least 1% of the issued voting shares as of the day on which the proposal is submitted; or (ii) such number of issued voting shares having a fair market value of at least \$2,000 as determined at close of business on the day before the registered holder or beneficial owner of the shares submits the proposal. The person submitting the shareholder proposal must have owned such shares for the 6-month period immediately before the day on which the registered holder or beneficial owner of the shares submits the proposal and must continue to hold or own the aforementioned number of shares up to and including the day of the meeting at which the proposal is to be made. In addition, the proposal must be signed by other registered holders or beneficial owners who, without the submitter, hold or own at least 5% of the issued voting shares of the Company.

Under the BC Act, shareholders of a "public company" (the Company is a "public company") may submit a shareholder proposal provided each of the shareholders submitting or supporting it have been a registered owner or beneficial owner of one or more shares carrying the right to vote at general meetings and must have owned such shares for an uninterrupted period of at least two years before the date of signing the proposal. The proposal must be signed by shareholders who, together with the submitter, are registered or beneficial owners of (i) at least 1% of the issued shares of the company that carry the right to vote at general meetings or (ii) shares with a fair market value of at least \$2,000.

**Place of Meetings** Under the BC Act, general meetings of shareholders are to be held in British Columbia or may be held at a location outside of British Columbia if:

- (a) the location is provided for in the articles;
- (b) the articles do not restrict the company from approving a location outside of British Columbia, the location is approved by the resolution required by the articles for that purpose (the proposed Articles provide for determination of the location by resolution of the directors), or if no resolution is specified then approved by ordinary resolution before the meeting is held; or
- (c) the location is approved in writing by the BC Registrar before the meeting is held.

The Alberta Act provides that meetings of shareholders may be held outside Alberta if the Company's articles so provide or if all the shareholders entitled to vote at the meeting so agree.

**Directors** The BC Act provides that the Company, as a public company, must have a minimum of three directors but does not impose any residency requirements on the directors.

The Alberta Act requires that for distributing corporations (like the Company) there must be a minimum of three directors at least two of whom shall not be officers or employees of the Company or its affiliates, and that at least one quarter of the directors be resident Canadians.

**Shareholders' Pre-emptive Rights** Under the Alberta Act, shareholders may have pre-emptive rights to purchase shares issued by the companies, if it is provided for in a unanimous shareholders agreement or the articles of the company.

The BC Act is silent on shareholders' pre-emptive rights.

**Dividends** Under the BC Act, a company may pay dividends to its shareholders by shares or money, unless there are reasonable grounds for believing that the company is insolvent or the payment of the dividends would render the company insolvent.

Under the Alberta Act, a company may not pay dividends if the Company is, or would after the payment be, unable to pay its liabilities as they become due, or the realizable value of the Company's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes.

### **Shareholders Rights of Dissent to the Continuation**

The Shareholders have the right to dissent to the Continuation pursuant to section 191 of the Alberta Act, the text of which is set forth in Schedule "A" to this Information Circular. In the event that the actions approved by the Continuation Resolution become effective, any shareholder who dissents in accordance with the provisions of section 191 (a "**Dissenting Shareholder**") will be entitled to be paid by the Company the fair value of the common shares held by such shareholder determined as at the close of business on the last business day before the Continuation Resolution was adopted.

The procedure for exercising this remedy is set forth in Schedule "B" and should be reviewed carefully. **Failure to adhere strictly to the requirements of section 191 of the Alberta Act may result in the loss or unavailability of the noncompliant shareholders' rights under that section.**

In any event, if a notice of dissent is given by a shareholder it is the present intention of management to determine in its discretion whether or not to proceed with the completion and filing of Continuation Application under the BC Act.

### **The Continuation Resolution**

Subject to such changes as may be required by regulatory authorities or as may be recommended by counsel, shareholders will be asked at the meeting to approve the Continuation Resolution, the proposed text of which follows. In order to be effective the Continuation Resolution requires the favourable vote of not less than two-thirds of the votes cast on the resolution at the meeting, either in person or by proxy.

"BE IT RESOLVED, as a special resolution, that:

1. the Company be authorized to prepare a Continuation Application and Notice of Articles respecting the proposed continuation of the Company from Alberta to British Columbia;
2. the Company apply to the Registrar of Corporations (Alberta) (the "**Alberta Registrar**") to permit such continuation in accordance with section 189 of the *Business Corporations Act* (Alberta) (the "**Alberta Act**");
3. the Company apply to the Registrar of Companies (British Columbia) (the "**BC Registrar**") to permit such continuation in accordance with section 302 of the *Business Corporations Act* (British Columbia) (the "**BC Act**");
4. subject to the issuance by the BC Registrar of a Certificate of Continuation and without affecting the validity of the Company and the existence of the Company by or under its articles and by-laws and any act done thereunder, effective upon issuance of the Certificate of Continuation, the Company adopt the Notice of Articles attached to Continuation Application and the Articles in the form approved by the directors of the Company pursuant to the BC Act, in substitution for the articles and by-laws of the Company pursuant to the Alberta Act, and all amendments reflected therein, are approved and adopted;
5. Owen Bird Law Corporation be appointed as the Company's agent to electronically file the Continuation Application with the BC Registrar and coordinate with an Albertan law firm to be appointed to apply to the Alberta Registrar for authorization permitting the continuation and to request a certificate of discontinuation under the Alberta Act;
6. on the date and time that the Continuation Application is filed with the BC Registrar, the existing articles and bylaws of the Company be replaced with the Notice of Articles contained in the Continuation Application and the Articles, all as approved by the directors of the Company;
7. notwithstanding the passage of this special resolution by the shareholders of the Company, the Board of Directors of the Company, in their sole discretion and without further notice to or approval of the shareholders of the Company, may decide not to proceed with the continuation or otherwise give effect to this special resolution, at any time prior to the continuation becoming effective; and



- any one officer or director of the Company is authorized, for and on behalf of the Company, to execute and deliver such documents and instruments and to take such other actions as such officer or director may determine to be necessary or advisable to implement this resolution and the matters authorized hereby including, without limitation, the execution and filing of the Continuation Application, the Articles and any forms prescribed by or contemplated under the BC Act."

The Continuation, the Notice of Articles and the Articles shall take effect immediately on the date and time the Notice of Continuation and Notice of Articles are filed with the British Columbia Registrar of Companies.

Notwithstanding the approval of the Continuation by the shareholders, the directors may abandon the Continuation without further approval from the Shareholders. If the Continuation is abandoned, the Company's jurisdiction of incorporation will remain under the Alberta Act and the Continuation will not be completed.

Management of the Company recommends that shareholders vote **IN FAVOUR** of the Continuation Resolution as defined herein. Approval of the special resolution requires the affirmative vote of a majority of not less than two-thirds (66 2/3%) of the votes cast in person or by proxy at the Meeting. **Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the Continuation Resolution.**

#### **F. Other Business**

The management of the Company is not aware of any matters to come before the Meeting other than those set out in the Notice of Meeting. However, if other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Circular to vote the same in accordance with their best judgment in such matters.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at 308 East 5th Avenue, Vancouver, British Columbia, V5T 1H4, to request copies of the Company's financial statements and MD&A.

Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year, which are filed on SEDAR.

#### **OTHER MATTERS**

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

DATED this 20<sup>th</sup> day of May, 2016

APPROVED BY THE BOARD OF DIRECTORS

\_\_\_\_\_  
*"Fred Stearman"*

Fred Stearman

President and Chief Executive Officer



## **SCHEDULE "B"**

### **DISSENT RIGHTS**

#### **Shareholder's right to dissent – Section 191 of the ABCA**

- 1) Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to
  - a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,
  - b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,
    - (b.1) amend its articles under section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in section 15.2(1),
  - c) amalgamate with another corporation, otherwise than under section 184 or 187,
  - d) be continued under the laws of another jurisdiction under section 189, or
  - e) sell, lease or exchange all or substantially all its property under section 190.
- 2) A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.
- 3) In addition to any other right the shareholder may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.
- 4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.
- 5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)
  - a) at or before any meeting of shareholders at which the resolution is to be voted on, or
  - b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.
- 6) An application may be made to the Court after the adoption of a resolution referred to in subsection (1) or (2),
  - a) by the corporation, or
  - b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5),  
to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents under this section ceases to become liable for any new liability, act or default of the unlimited liability corporation.
- 7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.
- 8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder
  - a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or
  - b) within 10 days after the corporation is served with a copy of the application, if a shareholder is the applicant.

- 9) Every offer made under subsection (7) shall
  - a) be made on the same terms, and
  - b) contain or be accompanied with a statement showing how the fair value was determined.
- 10) A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.
- 11) A dissenting shareholder
  - a) is not required to give security for costs in respect of an application under subsection (6), and
  - b) except in special circumstances must not be required to pay the costs of the application or appraisal.
- 12) In connection with an application under subsection (6), the Court may give directions for
  - a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,
  - b) the trial of issues and interlocutory matters, including pleadings and questioning under Part 5 of the Alberta Rules of Court, 3
  - c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,
  - d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,
  - e) the appointment and payment of independent appraisers, and the procedures to be followed by them,
  - f) the service of documents, and
  - g) the burden of proof on the parties.
- 13) On an application under subsection (6), the Court shall make an order
  - a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,
  - b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,
  - c) fixing the time within which the corporation must pay that amount to a shareholder, and
  - d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.
- 14) On
  - a) the action approved by the resolution from which the shareholder dissents becoming effective,
  - b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or
  - c) the pronouncement of an order under subsection (13),whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.
- 15) Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).
- 16) Until one of the events mentioned in subsection (14) occurs, a) the shareholder may withdraw the shareholder's dissent, or b) the corporation may rescind the resolution, and in either event proceedings under this section shall be discontinued. 4
- 17) The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.
- 18) If subsection (20) applies, the corporation shall, within 10 days after

- a) the pronouncement of an order under subsection (13), or
  - b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares, notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.
- 19) Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.
- 20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that
- a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or
  - b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.