

# AYDON INCOME PROPERTIES INC.

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “**Meeting**”) of shareholders of Aydon Income Properties Inc. (the “**Company**” or “**Aydon**”) will be held at 500 - 900 West Hastings Street, Vancouver, British Columbia on Thursday, September 24, 2015 at the hour of 11.00 a.m. (Vancouver time) for the following purposes:

1. To receive and consider the financial statements of the Company for the fiscal year ended April 30, 2015 and the accompanying report of the auditors;
2. To appoint Dale Matheson Carr-Hilton Labonte LLP as the auditors of the Company for the ensuing year and to authorize the directors of the Company to fix their remuneration;
3. To set the number of directors for the ensuing year at five.
4. To elect the directors of the Company for the ensuing year;
5. To transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The accompanying Information 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 of directors of the Company has fixed August 14, 2015 as the record date (the “**Record Date**”) for the determination of shareholders entitled to 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 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, TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, 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 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 security 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 14<sup>th</sup> day of August, 2015.

**Aydon Income Properties Inc.**

*“David Jackson”*

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David Jackson,  
President and CEO

# AYDON INCOME PROPERTIES INC.

## MANAGEMENT INFORMATION CIRCULAR

Unless otherwise indicated information herein is given as of August 14, 2015

This management information circular (“**Circular**”) is furnished in connection with the solicitation of proxies by the management (“**Management**”) of Aydon Income Properties Inc. (the “**Company**” or “**Aydon**”) for use at the annual general meeting (the “**Meeting**”) of shareholders (“**Shareholders**”) of the Company to be **held at 11:00 a.m. (Vancouver time) on Thursday, September 24, 2015**, at the place and for the purposes set forth in the notice of the Meeting (the **Notice of Meeting**”).

### PROXIES AND VOTING RIGHTS

#### Management Solicitation

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

#### Registered Shareholders

If you are a registered Shareholder, you may wish to vote by proxy whether or not you attend the Meeting in person. If you submit a proxy, you must complete, date and sign the proxy, and return it to **TMX Equity Transfer Services**, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, not less than 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 form of proxy may be deposited with the Chairman of the Meeting on the day of the Meeting prior to the commencement or any adjournment or postponement thereof.

#### Non-Registered Shareholders

Only registered Shareholders or duly appointed proxyholders are entitled to vote at the Meeting. Most Shareholders are non-registered Shareholders (“**Non-Registered Shareholder**”) because the Common Shares they own are not registered in their names but are registered either: (a) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Shareholder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFFs, RESSPs and similar plans); or (b) in the name of a clearing agency such as The Canadian Depository for Securities Limited in Canada or the Depository Trust Company, in the United States, of which the Intermediary is a participant.

In accordance with the requirements as set out National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Circular and form of Proxy (collectively the “**Meeting Materials**”) to the Intermediaries and clearing agencies for onward distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless the Non-Registered Shareholders have waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- a) Be given a proxy which **has already been signed by an Intermediary** (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. This form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should otherwise properly complete the form of proxy and **return it in accordance with the instructions provided in the proxy; or**
- b) More typically, be given a voting instruction form which **is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “**Voting Instruction Form**” or “**VIF**”), which the Intermediary must follow.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Common Shares which they beneficially own. Should a Non-Registered Shareholder who receives either a proxy or a VIF wish to attend the Meeting or have someone else attend on his or her behalf, the Non-Registered Shareholder should strike out the names of the persons named in the Proxy and insert the Non-Registered Shareholder’s (or such other person’s) name in the blank space provided or, in the cases of a VIF, follow the corresponding instructions on the form.

**Non-Registered Shareholders should carefully follow the instructions of their Intermediaries and their service companies, including those regarding when and where the proxy or VIF is to be delivered. If Non-Registered Shareholders do not follow such instructions and attend the Meeting, they will not be entitled to vote at the Meeting.**

There are two kinds of beneficial owners – those who object to their name being made known to the issuers of securities which they own (called OBOs for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called NOBOs for Non-Objecting Beneficial Owners). Pursuant to NI 54-101, issuers can obtain a list of their NOBOs from intermediaries for distribution of proxy-related materials directly to NOBOs.

These Meeting Materials are being sent to both registered and non-registered owners of the Common Shares. If you are a Non-Registered Shareholder, and the Company or its agent has sent these Meeting Materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf.

The Intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to each OBO, unless the OBO has waived the right to receive them. The Company does not intend to pay for Intermediaries to forward the Meeting Materials to OBOs. Accordingly, OBOs will not receive the Meeting Materials unless the Intermediary assumes the cost of delivery.

### **Appointment and Revocation of Proxies**

**The persons named in the accompanying form of proxy are directors and/or officers of the Company. A Shareholder has the right to appoint a person or company (who need not be a Shareholder) other than the persons whose names appear in such form of proxy, to attend and act for and on behalf of such Shareholder at the Meeting and any adjournment thereof. Such right may be exercised by either striking out the names of the persons specified in the form of proxy and inserting the name of the person or company to be appointed in the blank space provided in the form of proxy, or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1 not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting, or any adjournment thereof.**

A registered Shareholder of the Company who has given a proxy may revoke the proxy by: (a) depositing an instrument in writing, including another completed form of proxy, executed by such registered Shareholder or by his

or her attorney authorized in writing or by electronic signature or, if the registered Shareholder is a corporation, by an officer or attorney thereof properly authorized, either: (i) at the principal office of the Company at any time prior to 5:00 p.m. (Vancouver time) on the last business day preceding the day of the Meeting or any adjournment thereof, (ii) with the said office of TMX Equity Transfer Services Attn: Proxy Department at any time prior to 5:00 p.m. (Vancouver time) on the last business day preceding the day of the Meeting or any adjournment thereof, or (iii) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof; (b) transmitting, by telephone or electronic means, a revocation that complies with paragraphs (i), (ii) or (iii) above and that is signed by electronic signature, provided that the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of such Shareholder or by or on behalf of his or her attorney, as the case may be; or (c) in any other manner permitted by law including attending the Meeting in person.

A Non-Registered Shareholder who has submitted a proxy may revoke a VIF or proxy that has been given to an Intermediary or to the service company that the Intermediary uses by following the instructions of the Intermediary respecting the revocation of proxies, provided that an Intermediary is not required to act on a revocation of a proxy or VIF which is not received by the Intermediary at least seven days prior to the Meeting.

### **Notice-and-Access**

The Company is not sending the Meeting Materials to registered Shareholder or Non-Registered Shareholders using notice-and-access delivery procedures defined under NI 54-101 and National Instrument 51-102, *Continuous Disclosure Obligations*.

### **Voting and Discretion of Proxies**

The Common Shares represented by an appropriate form of proxy will be voted or withheld from voting on any ballot that may be conducted at the Meeting, or at any adjournment thereof, in accordance with the instructions of the Shareholder thereon. **In the absence of instructions, such Common Shares will be voted in favour of each of the matters referred to in the Notice of Meeting as specified thereon.**

**The enclosed form of proxy, when properly completed and signed, confers discretionary authority upon the persons named therein to vote on any amendments to or variations of the matters identified in the accompanying Notice of Meeting and on other matters, if any, which may properly come before the Meeting or any adjournment thereof.** As at the date of this Circular, Management is not aware of any amendments, variations, or other matters to be brought before the Meeting. However, if any other matters which are not now known to Management should properly be brought before the Meeting, or any adjournment thereof, the Common Shares represented by such proxy will be voted on such matters in accordance with the judgment of the person named as proxy therein.

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

No director or executive officer of the Company who was a director or executive officer since the beginning of the Company's last financial year, no proposed nominee of Management or 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 of securities or otherwise, in matters to be acted upon at the Meeting.

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

The Company is authorized to issue an unlimited number of Common Shares without par value. As of the Record Date, determined by the Board of Directors ("**Board**") to be the close of business on August 14, 2015, a total of 24,083,081 Common Shares were issued and outstanding. Each Common Share entitles the Shareholder of record to one vote at the Meeting. The Company has no other classes of voting securities. 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 and executive officers of the Company, only the following persons or companies beneficially own, directly or indirectly, or exercise control or direction over shares carrying 10% or more of the voting rights attached to all outstanding shares of the Company which have the right to vote in all circumstances:

Name	Number of Shares	Percentage of Outstanding Shares
Daniel R. Gouws	2,571,768	10.67%
Jadvindra Grewal	2,510,280	10.42%

## PARTICULARS OF MATTERS TO BE ACTED ON

### 1. Financial Statements

The Board has approved the audited comparative financial statements for the fiscal year ended April 30, 2015, together with the auditor's report thereon. Copies of these financial statements have been sent to those Shareholders who had requested receipt of same and are also available on SEDAR at [www.sedar.com](http://www.sedar.com).

### 2. Re-Appointment of Auditors

At the Meeting, Shareholders will be asked to consider and approve the re-appointment of Dale Matheson Carr-Hilton Labonte LLP to serve as auditor of the Company until the next annual general meeting of Shareholders at a remuneration to be fixed by the Board. Dale Matheson Carr-Hilton Labonte LLP was first appointed in 2015.

**Unless a Shareholder directs that his or her Common Shares are to be withheld from voting in connection with the appointment of auditors, the persons named in the enclosed form of proxy intend to vote FOR the appointment of Dale Matheson Carr-Hilton Labonte LLP, to serve as auditors of the Company until the next annual meeting of the Shareholder and to authorize the Board to fix their remuneration.**

### 3. Set Numbers of Directors

At the Meeting, Shareholders will be asked to consider and approve an ordinary resolution to set the number of directors of the Company for the ensuing year at five. The number of directors will be approved if the affirmative vote of at least a majority of Common Shares present or represented by proxy at the Meeting and entitled to vote thereat are voted in favour of setting the number of directors at five.

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

### 4. Election of Directors

The Company's current Board consists of Vid Wadhvani, David Jackson, Allan Goulding, David Carkeek and Daniel Gouws. Each director elected will hold office until the next annual general meeting or until his or her successor is duly elected or appointed unless his or her office is earlier vacated in accordance with the articles of the Company or unless he or she becomes disqualified to act as director.

Management of the Company does not contemplate that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons designated in the enclosed form of Proxy reserve the right to vote for other nominees in their discretion.

Management of the Company proposes to nominate the following five persons as further described in the table below, for election by the Shareholders as directors of the Company to hold office until the next annual meeting. Information concerning such persons, as furnished by the individual nominees, as at Record Date, is as follows:

Name, Province or State and Country of Residence and Present Position with the Company	Principal Occupation and, if not at Present an Elected Director, Employment During the past Five Years <sup>(2)</sup>	Date of Appointment as a Director	Number of Shares Beneficially Owned <sup>(2)(3)</sup>
<b>Vid Wadhvani</b> <sup>(1)</sup> British Columbia, Canada  <i>Director, COO and Chairman</i>	Business consultant, financial analyst, RwE Growth Partners (2010 – 2014) Ableauctions (2007 – 2010), President and CEO, Ialta Industries, President and CEO, Intracoastal Systems Engineering.	January 22, 2015	2,452,964 <sup>(4)</sup>
<b>David Jackson</b> British Columbia, Canada  <i>Director, President and CEO</i>	Business Consultant; Director, Carlyle Entertainment Ltd. (23 February 2015 – Present). Director, Ascot Mining Plc (16 April 2008 – 4 February 2015). Director, Mineral Hill Industries Ltd. (14 March 2012 – 26 November 2014). Director, Kirkland Precious Metals (21 August 2012 – Present). Super Nova Petroleum (28 January 2014 - 26 January 2015).	January 22, 2015	1,540,283 <sup>(5)</sup>
<b>Allan Goulding</b> British Columbia, Canada  <i>Director and CFO</i>	Retired Chartered Accountant 2002 to current – Independent consultant providing financial services to select clients and managing personal property and share investments.	January 22, 2015	1,974,490 <sup>(6)</sup>
<b>David Carkeek</b> <sup>(1)</sup> British Columbia, Canada  <i>Director and Senior VP</i>	Business consultant and investor. 1995 to 2010 Partner and managing director of Bojangles Café chain of restaurants. 2010 to current independent consultant providing financial services to client base.	January 22, 2015	1,634,991
<b>Daniel Gouws</b> <sup>(1)</sup> British Columbia, Canada  <i>Director</i>	Physician, medical consultant for CBI and Back in Motion. Medical Examiner for Transport Canada (Aviation and Marine Medicals).	January 22, 2015	2,571,768

(1) Member of the Audit Committee

(2) The information as to principal occupation, business or employment and common shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Unless otherwise stated above, any nominees named above not elected at the last annual general meeting have held the principal occupation or employment indicated for at least five years.

(3) Voting securities beneficially owned, directly or indirectly, or over which control or direction is exercised.

(4) Of these shares 650,000 shares are held in a spousal account and 150,000 shares are held by Isaac Wadhvani.

(5) Of these shares, 700,000 shares are held in a related party account.

(6) Of these shares, 630,000 shares are held in a spousal account and 274,849 are held in a joint spousal account.

The Company does not have an Executive Committee. The Board has established an Audit Committee, details of which is provided under the heading “Audit Committee”.

Management does not contemplate that any of the nominees will be unable to serve as a director. However, if a nominee should be unable to so serve for any reason prior to the Meeting, the persons named in the enclosed form of

proxy reserve the right to vote for another nominee in their discretion. The persons named in the enclosed form of proxy intend to vote for the election of all of the nominees whose names are set forth above.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions or Individual Bankruptcies

Except as noted below, to the knowledge of the Company, no proposed director of the Company:

- a) is, at the date of this Circular, or has been within 10 years before the date of this Circular, a director, Chief Executive Officer (“CEO”) or Chief Financial Officer (“CFO”) of any company (including Aydon), that:
- (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or
  - (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO; or

other than:

Vid Wadhvani was an officer and a director of Ialta Industries Ltd. (“Ialta”) a public company listed on the CNQ (now (CSE) that was the subject of a Cease Trade Order (“CTO”) from January 12, 2006 to March 23, 2006.

The CTO was issued by the Ontario Securities Commission on January 12, 2006 due to failure of Ialta to file annual audited financial statements for the fiscal year ended August 31, 2005 following the introduction of accelerated reporting time regulations on the CNQ. The CTO was rescinded on March 23, 2006 after the company filed audited financial statements to January 26, 2006.

- b) is, as at the date of this Circular, or has been within 10 years before the date of the Circular, a director or executive officer of any company (including Aydon) 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, other than:
- David Jackson was a director of Ascot Mining Plc (“Ascot”), a UK public limited company at the relevant time that Ascot was placed into Administration on 6 November 2013 through an application to the courts by Ascot, with the primary objective being the rescue of the company as a going concern during an interim protection against Ascot’s creditors. The Administration process concluded and the company was subsequently wound up on 6 February 2015.
- c) has, within the 10 years before the date of this 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.

**Unless the Shareholder directs that his or her shares be otherwise voted or withheld from voting in connection with the election of directors, the persons named in the enclosed Proxy will vote FOR the election of the five nominees whose names are set forth above.**

### **OTHER MATTERS WHICH MAY COME BEFORE THE MEETING**

Management 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 Common Shares represented thereby in accordance with their best judgment on such matter.

### **EXECUTIVE COMPENSATION**

The following Statement of Executive Compensation is prepared in accordance with National Instrument Form 51-102 F6. The purpose of this Statement of Executive Compensation is to provide disclosure of all compensation earned by directors and certain executive officers in connection with their position as a director or officer of, or consultant to, the Company.

For the purpose of this Information Circular:

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

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

“**Named Executive Officers**” or “**NEO**” means:

- (a) the CEO;
- (b) the CFO;
- (c) each of the Company’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000 as determined in accordance with subsection 1.3(6) of Form 51-102F6 *Statement of Executive Compensation*; and
- (d) any individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer, nor acting in a similar capacity at the end of the most recently completed financial year.

During the fiscal period ended April 30, 2015, the Company had four NEOs, being David Jackson, President and CEO, Vid Wadhvani, Chief Operating Officer, Allan Goulding, CFO and David Carkeek, Senior Vice-President.

### **Compensation Discussion and Analysis**

The purpose of this Compensation Discussion and Analysis is to provide information about the Company’s executive compensation objectives and processes and to discuss compensation decisions relating to its NEOs listed in the Summary Compensation Table below.

#### ***Objectives***

An executive’s compensation is aligned with his or her responsibilities and ability to influence business results, and varies with performance and level of responsibility. The Company believes that executive compensation should support an appropriate relationship between executive pay and creation of shareholder value. To this end, the Company believes that its executive compensation should:

- (a) provide compensation to that paid by similar companies, thereby enabling the Company to attract and retain talented executives critical to its long-term success;
- (b) motivate and retain key executives to achieve strategic corporate objectives by rewarding them for achieving such; and
- (c) align the interests of executives with the long-term interests of shareholders through stock option awards, whose value over time depends upon the market value of the Company's shares.

### ***Elements of the Compensation Program***

The company compensated its executives on the following basis:

- base retainer;
- time based compensation for work performed on behalf of the company beyond the normal expected scope of their executive duties at the current stage of the company's development with bonuses to reward specific achievements
- stock options to provide long-term compensation incentives tied to increases in shareholder value.

The Company believes at-risk compensation (including bonuses and stock options) is important, as it aligns the financial interests of its executives with the financial interests of its shareholders. The executive compensation program will be monitored by the Company's Board.

### ***Compensation Governance***

The Company will rely solely on its Board, through discussion without any formal objectives, criteria or analysis, in determining the compensation of its executive officers. The Board is responsible for determining all forms of compensation, including long-term incentive in the form of stock options, to be granted to its NEOs and to its directors, and for reviewing the recommendations respecting compensation for any other officers from time to time, to ensure such arrangements reflect the responsibilities and risks associated with each position.

### ***Base Salary***

As the company develops and requires more time from its executive officers, the base retainer fee for each executive officer will be reviewed from time to time and established. Base fees will be established taking into consideration the executive officer's personal performance and seniority, contribution to the Company's growth and profitability, and comparability with industry norms. The Company believes that a competitive base retainer is a necessary element of any compensation program that is designed to attract and retain talented and experienced executives. The Company also believes that attractive base retainers can motivate and reward executives for their overall performance.

### ***Bonuses***

Executives may be provided with annual cash incentive bonuses based on the Company's annual financial performance. At the discretion of the Board, the Company may also tie annual cash bonuses to the achievement of other financial and non-financial goals. In consideration of the fact that the directors acted without compensation for a significant length of time during the year under review, bonuses of \$10 000 to each NEO were paid on achieving the milestone of listing of the Company on the CSE in March 2015.

The Company does not currently provide any incentive bonuses to its executive officers, directors, or employees, but may elect to do so in the future.

### ***Risk of Compensation Practices and Disclosure***

The Board has not proceeded to a formal evaluation of the implications of the risks associated with its compensation policies and practices. Risk management is a consideration of the Board when implementing its compensation

program, and the Board does not believe that the Company's compensation program results in unnecessary or inappropriate risk taking, including risks that are likely to have a material adverse effect on the Company.

#### *Hedging Policy*

The NEOs and directors are not permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

Neither the NEOs nor the directors are permitted to purchase financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEOs or directors, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds.

#### *Stock Options*

The Company has not currently provided any incentive stock option to its executive officers, directors, or employees, but may elect to do so in the future.

#### **Benefits and Perquisites**

The NEOs do not receive any benefits or perquisites other than as disclosed herein.

#### **Summary Compensation Table**

As the Company was only incorporated on January 22, 2015, the following table presents information concerning all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, to NEOs by the Company and its subsidiaries for services in all capacities to the Company during the fiscal period ended April 30, 2015:

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
<b>Vid Wadhvani</b> <i>COO and Chairman</i>	2015	Nil	<sup>(1)</sup> 47,526	Nil	N/A	N/A	N/A	<sup>(2)</sup> 49,100	96,626
<b>David Jackson</b> <i>President and CEO</i>	2015	Nil	<sup>(1)</sup> 43,264	Nil	N/A	N/A	N/A	<sup>(2)</sup> 36,500	79,764
<b>Allan Goulding</b> <i>CFO</i>	2015	Nil	<sup>(1)</sup> 34,420	Nil	N/A	N/A	N/A	<sup>(2)</sup> 43,450	77,870
<b>David Carkeek</b> <i>Senior Vice-President</i>	2015	Nil	<sup>(1)</sup> 39,553	Nil	N/A	N/A	N/A	<sup>(2)</sup> 55,800	95,353

(1) Consideration paid to acquire interest and right to proprietary information, contacts and contracts related to the business of acquiring and operating a portfolio of single family residential properties in Detroit, MI.

(2) Consists of base retainer fee of \$3,000 per month as well as time based consulting fees paid for services rendered as officer of the Company.

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

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at April 30, 2015 to the NEOs of the Company:

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>(2)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
<b>Vid Wadhvani</b> <i>COO and Chairman</i>	Nil	N/A	N/A	N/A	Nil	Nil
<b>David Jackson</b> <i>President and CEO</i>	Nil	N/A	N/A	N/A	Nil	Nil
<b>Allan Goulding</b> <i>CFO</i>	Nil	N/A	N/A	N/A	Nil	Nil
<b>David Carkeek</b> <i>Senior Vice-President</i>	Nil	N/A	N/A	N/A	Nil	Nil

### Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year

The following table presents information concerning value vested with respect to option-based awards and share-based awards for each NEO during the period ended April 30, 2015:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
<b>Vid Wadhvani</b> <i>COO and Chairman</i>	Nil	Nil	Nil
<b>David Jackson</b> <i>President and CEO</i>	Nil	Nil	Nil
<b>Allan Goulding</b> <i>CFO</i>	Nil	Nil	Nil
<b>David Carkeek</b> <i>Senior Vice-President</i>	Nil	Nil	Nil

### Pension Plan Benefits – Defined Benefits Plan and Defined Contribution

The Company does not have a Defined Benefits Pension Plan nor a Defined Contribution Pension Plan.

#### *Termination and Change of Control Benefits*

During the period ended April 30, 2015, there were no employment contracts, agreement, plans or arrangements for payments to an NEO, at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in an NEO's responsibilities.

### Director Compensation

#### *Director Compensation Table*

The following table sets forth information with respect to all amounts of compensation provided to the directors of the Company (other than NEOs) for the period ended April 30, 2015.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
<b>Daniel Gouws</b> <i>Director</i>	Nil	<sup>(1)</sup> 25,088	Nil	N/A	N/A	Nil	25,088

(1) Consideration paid to acquire interest and right to proprietary information, contacts and contracts related to the business of acquiring and operating a portfolio of single family residential properties in Detroit, MI.

### **Share-Based Awards, Options-Based Awards and Non-Equity Incentive Plan Compensation**

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

The following table sets forth information in respect of all share-based awards and option-based awards outstanding as at April 30, 2015 to the directors of the Company, other than NEOs, whose compensation is fully reflected in the summary compensation table for the NEO's:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#) <sup>(1)</sup>	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
<b>Daniel Gouws</b> <i>Director</i>	Nil	N/A	N/A	N/A	Nil	Nil

#### **Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year**

The following table presents information concerning value vested with respect to option-based awards and share-based awards for the directors of the Company during the period ended April 30, 2015, other than NEOs, whose compensation is fully reflected in the summary compensation table for the NEO's:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
<b>Daniel Gouws</b> <i>Director</i>	Nil	Nil	N/A

#### *Long Term Incentive Plans*

The Company does not have a Long Term Incentive Plan pursuant to which it provides compensation intended to motivate performance over a period greater than one financial year.

### **Securities Authorized for Issuance under Equity Compensation Plans**

The following table sets out, as of April 30, 2015, all required information with respect to compensation plans under which equity securities of the Company are authorized for issuance:

<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<sup>(1)</sup> (excluding securities reflected in column (a)) (c)</b>
<i>Equity compensation plans approved by securityholders</i>	Nil	N/A	2,408,308
<i>Equity compensation plans not approved by securityholders</i>	N/A	N/A	N/A
<b>Total</b>	<b>Nil</b>	<b>N/A</b>	<b>2,408,308</b>

### *Stock Option Plan*

The purpose of the Stock Option Plan is to provide an incentive to the Company's directors, officers, employees, management companies and consultants to continue their involvement with the Company, to increase their efforts on the Company's behalf and to attract new qualified employees, while at the same time reducing the cash compensation the Company would otherwise have to pay. The Stock Option Plan is also intended to assist in aligning management and employee incentives with the interests of the Company's shareholders.

The following is a brief description of the principal terms of the Stock Option Plan. A full copy of the Stock Option Plan is available to shareholders upon request and will be available at the Meeting.

- The number of shares which may be issued pursuant to options granted under the plan shall not exceed 10% percent of the issued and outstanding shares of the Company at the date of grant.
- The term of any options granted under the Stock Option Plan is fixed by the Board and may not exceed 5 years from the date of grant. The options are non-assignable and non-transferable.
- The exercise price of options granted under the plan is determined by the Board, provided that the exercise price is not less than the price permitted by the Canadian Securities Exchange ("CSE") or, if the Company's Shares are not listed on the CSE, then such other exchange or quotation system on which the Company's shares are listed or quoted for trading.
- The terms of an option may not be amended once issued under CSE requirements. If an option is cancelled prior to the expiry date, the Company shall not grant new options to the same person until thirty days have elapsed from the date of cancellation.
- Vesting, if any, and other terms and conditions relating to such options shall be determined by the Board or the Committee (as hereinafter defined) from time to time and in accordance with CSE requirements, if the Company's shares are listed on the CSE.
- Any options granted pursuant to the plan will terminate generally within ninety days of the option holder ceasing to act as a director, officer, employee, management company or consultant of the Company or any of its affiliates, and within generally thirty days of the option holder ceasing to act as an employee engaged in investor relations activities, unless such cessation is on account of death. If such cessation is on account of death, the options terminate on the first anniversary of such cessation. If such cessation is on account of cause, or terminated by regulatory sanction or by reason of judicial order, the options terminate immediately. Options that have been canceled or that have expired without having been exercised shall continue to be issuable under the plan. The plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision or exchange of the Company's shares.
- The plan is administered by the Board or, if the Board so elects, by a Committee (the "**Committee**"), which committee shall consist of at least two board members, appointed by the Board.
- The plan provides that, generally, the number of shares subject to each option, the exercise price, the expiry time, the extent to which such option is exercisable, including vesting schedules, and other terms and

conditions relating to such options shall be determined by the Board or the Committee and in accordance with CSE requirements.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Instrument 58-201 (“**NI 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. National Instrument 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

### Board of Directors

The Board is currently comprised of five directors and it is proposed that five directors will be nominated at the Meeting.

NI 58-201 recommends that the board of directors of every listed company should consist of a majority of individuals who qualify as "independent" directors under National Instrument 52-110 (“**NI 52-110**”), which provides that a director is independent if he or she has no direct or indirect “material relationship” with the company. “Material relationship” is defined as a relationship which could, in the view of the company’s board of directors, be reasonably expected to interfere with the exercise of a director’s independent judgment.

Of the proposed nominees, four nominees Vid Wadhvani, David Jackson, Allan Goulding and David Carkeek are, considered “not independent” as they are COO, President and CEO, CFO and Senior VP, respectively. The remaining proposed director is considered by the Board to be "independent", within the meaning of NI 52-110. In assessing Form 58-101F1, and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors.

### Mandate of the Board of Directors

The Board has responsibility for the stewardship of the Company. That stewardship includes responsibility for strategic planning, identification of the principal risks of the Company’s business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Company’s internal control and management information systems.

### Directorships

The participation of the current directors in other reporting issuers is as follows:

Name of Director	Name of Other Reporting Issuer
<b>Vid Wadhvani</b> <sup>(1)</sup> <i>Director, COO and Chairman</i>	N/A
<b>David Jackson</b> <i>Director, President and CEO</i>	Kirkland Precious Metals Corp. Carlyle Entertainment Ltd.
<b>Allan Goulding</b> <i>Director and CFO</i>	N/A
<b>David Carkeek</b> <sup>(1)</sup> <i>Director and Senior VP</i>	Newlox Gold Ventures Corp.
<b>Daniel Gouws</b> <sup>(1)</sup> <i>Director</i>	N/A

### **Orientation and Continuing Education**

The Company has not formalized an orientation program. However, if a new director is appointed or elected, he or she is provided with orientation and education about the Company which would include information 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.

### **Other Board Committees**

The Board has not established any committees other than the Audit Committee.

### **Assessments**

The Board has not developed written descriptions or objectives for its executives and looks to generally accepted industry standards as adequately delineating the roles and responsibilities of such persons. There is no formal process for regular assessment of the Board, its committees and individual directors. The Board informally assesses performance through ongoing dialogue amongst Board members.

### **Interest of Certain Persons or Companies in Matters to be Acted Upon**

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

## Audit Committee

### General

The Audit Committee is a standing committee of the Board of Directors, the primary function of which is to assist the Board of Directors in fulfilling its financial oversight responsibilities, which will include monitoring the quality and integrity of the Company's financial statements and the independence and performance of the Company's external auditor, acting as a liaison between the Board and the Company's external auditor, reviewing the financial information that will be publicly disclosed and reviewing all audit processes and the systems of internal controls management and the Board have established.

### Terms of Reference for the Audit Committee

The Board has adopted the Terms of Reference for the Audit Committee, which sets out the Audit Committee's mandate, organization, powers and responsibilities. The Audit Committee's Terms of Reference is attached as Schedule "A" to this Circular.

### Composition

The Audit Committee consists of the following three directors. Also indicated is whether they are 'independent' and 'financially literate':

<b>Name of Member</b>	<b>Independent(1)</b>	<b>Financially Literate(2)</b>
<b>Vid Wadhvani</b> <i>Director, COO and Chairman</i>	Not Independent	Financially Literate
<b>David Carkeek</b> <i>Director and Senior VP</i>	Not Independent	Financially Literate
<b>Daniel Gouws</b> <i>Director</i>	Independent	Financially Literate

- (1) A member of the Audit Committee is independent if he has no direct or indirect 'material relationship' with the Company. A material relationship is a relationship which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member's independent judgment. An executive officer of the Company, such as the President or Secretary, is deemed to have a material relationship with the Company.
- (2) A member of the Audit Committee is financially literate if he has 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 reasonably be expected to be raised by the Company's financial statements.

Because the shares of the Company are listed on the CSE, it is categorized as a venture issuer. As a result, National Instrument 52-110 *Audit Committees* ("NI 52-110") exempts the members of the Company's Audit Committee from being independent.

### Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation to the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board of Directors.

### Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*) of NI 52-110.

### *Pre-Approval Policies and Procedures*

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services, however, as provided for in NI 52-110, the Audit Committee must pre-approve all non-audit services to be provided to the Company or its subsidiaries, unless otherwise permitted by NI 52-110.

The table below sets out all fees billed by the Company's external auditors in each of the Company's three most recently completed financial years.

#### *External Auditor Services Fees (By Category)*

<b>Financial Period Ended</b>	<b>Audit Fees<sup>(1)</sup></b>	<b>Audit Related Fees<sup>(2)</sup></b>	<b>Tax Fees<sup>(3)</sup></b>	<b>All Other Fees<sup>(4)</sup></b>
April 30, 2015	\$9,500	\$0	\$1,500	\$0

(1) *The aggregate fees billed by the Company's auditor for audit fees.*

(2) *The aggregate fees billed for assurance and related services by the Company's auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not disclosed in the 'Audit Fees' column.*

(3) *The aggregate fees billed for professional services rendered by the Company's Auditor for tax compliance, tax advice and tax planning. These services involved the filing of the Company's annual tax returns.*

(4) *The aggregate fees billed for professional services other than those listed in the other three columns.*

### **Exemption**

Pursuant to section 6.1 of NI 52-110, the Company is exempt from the requirements of Part 3 *Composition of the Audit Committee* and Part 5 *Reporting Obligations* of NI 52-110 because it is a venture issuer.

### **Indebtedness of Directors and Senior Officers**

None of the directors or executive officers of the Company or any subsidiary thereof, has more than "routine indebtedness" to the Company or any subsidiary thereof.

### **Interest of Certain Persons or Companies in Matters to be Acted Upon**

The Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of each of the following persons in any matter to be acted upon at the Meeting other than the election of directors or the approval of the Stock Option Plan:

- (a) each 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;
- (b) each proposed nominee for election as a director of the Company; and
- (c) each associate or affiliate of any of the foregoing.

### **Interest of Informed Persons in Material Transactions**

Unless otherwise disclosed herein, no informed person or proposed nominee for election as a director, or any associate or affiliate of any of the foregoing, has or has had any material interest, direct or indirect, in any transaction or proposed transaction since the commencement of the Company's most recently completed financial year, which has materially affected or will materially affect the Company or any of its subsidiaries, other than as disclosed by the Company during the course of the year or as disclosed herein.

### **Additional Information**

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may also contact the Company at its head office at #500, 900 West Hastings Street, Vancouver, BC, V6C 1E5, Phone: (604) 729-8775, Email: [info@aydonproperties.com](mailto:info@aydonproperties.com).

Financial information is provided in the Company's audited financial statements and related Management's Discussion & Analysis for the period ended April 30, 2015, which are filed on SEDAR.

**Board Approval**

The content and sending of this Circular has been approved by the Board. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

**DATED** at Vancouver, British Columbia, this 14<sup>th</sup> day of August, 2015.

**AYDON INCOME PROPERTIES INC.**

*"David Jackson"*

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**David Jackson**

President and Chief Executive Officer

## SCHEDULE A

### TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

#### **Mandate**

The primary function of the audit committee (the “Audit 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 the Company’s auditing, accounting and financial reporting processes. Consistent with this function, the Audit Committee will encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels.

The Audit 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 Audit Committee shall comprise 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 Audit Committee.

At least one member of the Audit Committee shall have accounting or related financial management expertise. All members of the Audit 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 Audit 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 Audit Committee may designate a Chair by a majority vote of the full Audit Committee membership.

#### **Meetings**

The Audit Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit 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 Audit 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 Audit 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 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 to 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 Audit Committee by the Company and approved prior to the completion of the audit by the Audit Committee or by one or more members of the Audit Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Audit Committee.

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

### ***Other***

Review any related-party transactions.