

# **MINCO CAPITAL CORP.**

## **NOTICE OF ANNUAL GENERAL MEETING AND MANAGEMENT INFORMATION CIRCULAR**

Time: June 30, 2022, at 11:00 a.m. (Vancouver time)

Place: Suite 2060 1055 West Georgia Street  
Vancouver, BC V6E 3R5



# MINCO CAPITAL CORPORATION

## NOTICE OF ANNUAL GENERAL MEETING

TAKE NOTICE that the 2022 Annual General Meeting of the Shareholders of **MINCO CAPITAL CORP.** (hereinafter called the "Corporation") will be held at Suite 2060 - 1055 West Georgia Street, Vancouver, British Columbia, on:

**THURSDAY, JUNE 30, 2022**

at the hour of 11:00 o'clock in the forenoon (Vancouver time) for the following purposes:

- 1) to appoint Auditors for the ensuing year and to authorize the Directors to fix their remuneration;
- 2) to determine the number of directors and to elect directors; and
- 3) to transact such other business as may properly come before the Meeting.

Accompanying this Notice are an Information Circular and Form of Proxy.

A shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxyholder to attend and vote in his stead. If you are unable to attend the Meeting, or any adjournment thereof in person, please read the Notes accompanying the Form of Proxy enclosed herewith and then complete and return the Proxy within the time set out in the Notes. The enclosed Form of Proxy is solicited by Management but, as set out in the Notes, you may amend it if you so desire by striking out the names listed therein and inserting in the space provided the name of the person you wish to represent you at the Meeting.

DATED at Vancouver, British Columbia, this 26th day of May, 2022.

**BY ORDER OF THE BOARD OF DIRECTORS**

*/s/ Ken Z. Cai*

Ken Z. Cai

Chief Executive Officer and Director

*If you are a non-registered shareholder of the Corporation and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or by the other intermediary. Failure to do so may result in your shares not being eligible to be voted by proxy at the Meeting.*

## MINCO CAPITAL CORP.

Suite 2060 – 1055 West Georgia Street  
Vancouver, BC V6E 3R5  
Phone: 604 688-8002

### INFORMATION CIRCULAR

#### SOLICITATION OF PROXIES BY MANAGEMENT

**This management information circular (the “Information Circular”) is furnished in connection with the solicitation of proxies by or on behalf of the management of Minco Capital Corp. (the “Corporation”) for use at the annual meeting (the “Meeting”) of the shareholders of the Corporation (the “Shareholders”) to be held at Suite 2060 - 1055 West Georgia Street, Vancouver, British Columbia on Thursday, June 30, 2022, at 11:00 a.m. (Vancouver time) and at any adjournments thereof for the purposes set out in the accompanying Notice of Meeting.** Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally, electronically or by telephone by directors, officers, employees or consultants of the Corporation. Arrangements will also be made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation material to the beneficial owners of common shares of the Corporation (“**Common Shares**”) pursuant to the requirements of National Instrument 54-101, *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**National Instrument 54-101**”).

The Canadian securities regulators have adopted new rules under National Instrument 54-101, which permit the use of notice-and-access for proxy solicitation, instead of the traditional physical delivery of material. This new process provides the option to post meeting related materials, including management information circulars, as well as annual financial statements, and related management's discussion and analysis, on a website in addition to SEDAR. Under notice-and-access, such meeting related materials will be available for viewing for up to one (1) year from the date of posting, and a paper copy of the material can be requested at any time during this period. The Corporation is not relying on the notice-and-access provisions of National Instrument 54-101 to send proxy related materials to registered shareholders or beneficial owners of shares in connection with the Meeting.

The Corporation may reimburse shareholders' nominees or intermediaries (including brokers or their agents holding shares on behalf of clients) for the cost incurred in obtaining from their principals authorization to execute forms of proxy. The cost of any such solicitation will be borne by the Corporation. Unless otherwise stated, the information contained in this Information Circular is given as at May 26, 2022.

#### APPOINTMENT OF PROXYHOLDERS AND COMPLETION AND REVOCATION OF PROXIES

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 named in the enclosed proxy (the “**Management Designees**”) have been selected by the directors of the Corporation.

**A Shareholder has the right to designate a person (who need not be a Shareholder), other than the Management Designees to represent the Shareholder at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the proxy the name of the person to be designated, and by deleting from the proxy the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the transfer agent of the Corporation.** Such Shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxyholder and attend the Meeting, and provide instructions on how the Shareholder's shares are to be voted. The nominee should bring personal identification with them to the Meeting.

To be valid, the proxy must be dated and executed by the Shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy). The proxy must then be delivered to the Corporation's registrar and transfer agent, Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or by fax within North America to 1-866-249-7775, and outside North America to (416) 263-9524, at least 48 hours, excluding Saturdays, Sundays and holidays, before the time of the Meeting or any adjournment thereof. Proxies received after that time may be accepted by the Chairman of the Meeting in the Chairman's discretion, but the Chairman is under no obligation to accept late proxies.

Any registered Shareholder who has returned a proxy may revoke it at any time before it has been exercised. A proxy may be revoked by a registered Shareholder personally attending at the Meeting and voting their shares. A Shareholder may also revoke their proxy in respect of any matter upon which a vote has not already been cast by depositing an instrument in writing, including a proxy bearing a later date executed by the registered Shareholder or by their authorized attorney in writing, or, if the Shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, either at the office of the Corporation's registrar and transfer agent at the foregoing address or the head office of the Corporation, at Suite 2060 – 1055 West Georgia Street, Vancouver, British Columbia, V6E 3R5, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting, or any adjournment thereof. **Only registered Shareholders have the right to revoke a proxy. Non-registered Shareholders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective nominees to revoke the proxy on their behalf.**

#### VOTING OF PROXIES

Voting at the Meeting will be by a show of hands, each registered Shareholder and each proxyholder (representing a registered or unregistered Shareholder) having one vote, unless a poll is required or requested, whereupon each such Shareholder and proxyholder is entitled to one vote for each Common Share held or represented, respectively. Each Shareholder may instruct their proxyholder how to vote their Common Shares by completing the blanks on the proxy. All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting when a poll is required or requested and, where a choice with respect to any matter to be acted upon has been specified in the form of proxy, the Common Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the proxy, the Management Designees, if named as proxyholder, will vote in favour of the matters set out therein.**

**The enclosed proxy confers discretionary authority upon the Management Designees, or other person named as proxyholder, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Corporation is not aware of any amendments to, variations of or other matters which may come before the Meeting. If other matters properly come before the Meeting, then the Management Designees intend to vote in a manner which in their judgment is in the best interests of the Corporation.**

In order to approve a motion proposed at the Meeting, a majority of greater than 50% of the votes cast will be required (an "**ordinary resolution**"), unless the motion requires a "**special resolution**" in which case a majority of 66 2/3% of the votes cast will be required.

#### BENEFICIAL HOLDERS

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Corporation are "non-registered" or "beneficial" shareholders because the shares they own are not registered in their names, but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. More particularly, a person is not a registered shareholder in respect of shares which are held on behalf of that person (the "**Beneficial Holder**") but which are registered either: (a) in the name of an intermediary

(an “**Intermediary**”) that the Beneficial Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP’s, RRIF’s, RESP’s and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“**CDS**”)) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice of Meeting, this Information Circular and the Proxy (collectively, the “**Meeting Materials**”) directly, and to the clearing agencies and Intermediaries for onward distribution to Beneficial Holders. These security holder materials are being set to both registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer or its agent has sent these 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.

Intermediaries are required to forward the Meeting Materials to Beneficial Holders unless a Beneficial Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Beneficial Holders. Generally, Beneficial Holders who have not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Beneficial Holder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Beneficial Holder when submitting the proxy. In this case, the Beneficial Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and **deposit it with the Corporation’s transfer agent as provided above; 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 Beneficial Holder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “proxy authorization form”) which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label containing a bar-code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Beneficial Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit Beneficial Holders to direct the voting of the shares which they beneficially own. Should a Beneficial Holder who receives one of the above forms wish to vote at the Meeting in person, the Beneficial Holder should strike out the names of the Management Designees named in the form and insert the Beneficial Holder’s name in the blank space provided. **In either case, Beneficial Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The Corporation is authorized to issue an unlimited number of common shares, without nominal or par value, of which as at December 31, 2021, 46,771,881 common shares were issued and outstanding.

The holders of common shares of record at the close of business on the record date, set by the directors of the Corporation to be May 26, 2022, are entitled to vote such common shares at the Meeting on the basis of one vote for each common share held.

To the knowledge of the directors and senior officers of the Corporation, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying more than 10% of the outstanding voting rights of the Corporation.

Those shareholders so desiring may be represented by proxy at the Meeting.

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

TO THE KNOWLEDGE OF THE CORPORATION'S DIRECTORS, THE ONLY MATTERS TO BE PLACED BEFORE THE MEETING ARE THOSE REFERRED TO IN THE NOTICE OF MEETING ACCOMPANYING THIS INFORMATION CIRCULAR. HOWEVER, SHOULD ANY OTHER MATTERS PROPERLY COME BEFORE THE MEETING, THE SHARES REPRESENTED BY THE PROXY SOLICITED HEREBY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE SHARES REPRESENTED BY THE PROXY.

Additional detail regarding each of the matters to be acted upon at the Meeting is set forth below.

#### **I. Appointment of Auditors**

Management proposes the appointment of Smythe LLP, Chartered Professional Accountants, as Auditors of the Corporation for the ensuing year and that the directors be authorized to fix their remuneration.

**In the absence of instructions to the contrary the shares represented by proxy will be voted in favour of a resolution to appoint Smythe LLP, Chartered Professional Accountants, as Auditors of the Corporation for the ensuing year, at a remuneration to be fixed by the Board of Directors, unless the Shareholder has specified in the Shareholder's proxy that the Shareholder's Common Shares are to be withheld from voting on the appointment of auditors.**

#### **II. Election of Directors**

The board of directors of the Corporation (the "**Board**" or the "**Board of Directors**") currently consists of three (3) directors, all of whom are elected annually. The term of office for each of the present directors of the Corporation expires at the Meeting. All of the current directors of the Corporation will be standing for re-election. It is proposed that the number of directors for the ensuing year be fixed at three (3) subject to such increases as may be permitted by the Articles of the Corporation. At the Meeting, the Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution fixing the number of directors to be elected at the Meeting at three (3).

It is proposed that the persons named below will be nominated at the Meeting. Each director elected will hold office until the next Annual General Meeting of the Corporation or until his successor is duly elected or appointed pursuant to the Articles of the Corporation unless his office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia) or the Corporation's Articles.

**It is the intention of the management designees, if named as proxy, to vote for the election of the said persons to the Board of Directors, unless the Shareholder has specified in its proxy that its Common Shares are to be withheld from voting on the election of directors. Management does not contemplate that any of the nominees will be unable to serve as a director.**

The following information relating to the nominees for election to the Board of Directors is based on information received by the Corporation from said nominees:

| Name, Province and Country of Residence                             | Present Principal Occupation  | Current Position(s) with the Corporation | Director Since    | Number of Securities Held                                     |
|---|---|--|-------------------|---|
| Ken Z. Cai <sup>(2)(3)</sup><br>Beijing, China                      | Chief Executive Officer and Director of Minco Capital Corp., Chairman and Chief Executive Officer of Minco Silver Corporation and HempNova Lifetech Corporation | Chief Executive Officer and Director     | February 29, 1996 | Common Shares: 3,859,052 <sup>(1)</sup><br>Options: 1,900,000 |
| Malcolm Clay <sup>(2)(3)(4)(5)</sup><br>British Columbia, Canada    | Self-employed consultant  | Director                                 | November 16, 2007 | Common Shares: 100,000<br>Options: 755,000                    |
| Michael Doggett <sup>(2)(4)(5)(6)</sup><br>British Columbia, Canada | Principal Consultant at Michael Doggett & Associates  | Director                                 | July 16, 2007     | Common Shares: 12,000<br>Options: 755,000                     |

(1) Includes 3,634,052 common shares held by Pacific Canada Resources Inc., a private company over which Dr. Cai has control and direction.

(2) Member of the Audit Committee.

(3) Chair of the Audit Committee.

(4) Member of the Compensation Committee.

(5) Member of the Nominating Committee.

(6) Chair of the Nominating Committee.

### ***Corporate Cease Trade Orders or Bankruptcies***

To the knowledge of the Corporation, no director or proposed director of the Corporation is, or within the ten years prior to the date of this Circular has been, a director or executive officer of any company, including the Corporation, that while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director ceased to be a director or executive officer of the company being the subject of a cease trade order or similar 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; or
- (c) 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.

### ***Individual Bankruptcies***

To the knowledge of the Corporation, no director or proposed director of the Corporation has, within the ten years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been 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 that individual.

### ***Penalties or Sanctions***

To the knowledge of the Corporation, no proposed director of the Corporation 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 has been subject to any other penalties

or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

**EXECUTIVE COMPENSATION**  
**(For the financial year ended December 31, 2021)**

For purposes of this Information Circular, “named executive officer” of the Corporation means an individual who, at any time during the year, was:

- (a) the Corporation’s chief executive officer (“CEO”);
- (b) the Corporation’s chief financial officer (“CFO”);
- (c) each of the Corporation’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 for that financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of the most recently completed financial year;

(each a “Named Executive Officer” or “NEO”).

Based on the foregoing definition, during the last completed financial year of the Corporation, there were two (2) Named Executive Officers, namely, its CEO, Ken Cai and its CFO, Melinda Hsu.

**Compensation Discussion and Analysis**

The objective of the Corporation's compensation program is to compensate its executive officers for their services to the Corporation at a level that is both in line with the Corporation's financial resources and competitive with companies of a similar size and stage of development. The Compensation Committee does not benchmark its executive compensation program but from time to time does review compensation practices of companies of similar size and stage of development to ensure that the compensation paid is competitive with similar sized issuers within the Corporation's industry and geographic location. Success in this regard depends to a great extent on the Corporation's ability to attract, retain and motivate high performing employees within the organization. Executive officers are rewarded on the basis of the skill and level of responsibility involved in their position, the individual's experience and qualifications, taking into consideration the Corporation's resources and current industry practices, and overall contribution to the success of the Corporation. To date, given the Corporation's stage of development, the Board has not considered it appropriate to implement formal performance goals or milestones through which to assess executive performance. The Corporation relies solely on the Compensation Committee’s review and recommendation for determining executive compensation.

The Compensation Committee has implemented three forms of compensation for the Corporation's executive officers.

1. *Base Salary/Consulting Fees*

Executive officers are paid a base salary or consulting fee to reward individual performance and the discharge of duties. This component of compensation is determined with reference to industry norms, experience, past performance and level of responsibility. The Corporation shares common management with Minco Silver

Corporation (collectively with the Corporation as the "**Minco Group**"). In the past, a base compensation amount payable to each executive officer on the basis of his/her service to the entire Minco Group was set annually through a negotiated process among the boards of directors of each Minco Group company. Through this negotiation process the boards arrive at a global salary amount for each executive officer to be shared among each entity in the Minco Group. The amount of an executive officer's salary allocated to a particular entity at the end of a fiscal period was determined based on the percentage of the executive officer's working time spent on projects relating to that company.

Annually, the Board negotiates directly with the NEOs to set a base salary or consulting fee for the upcoming fiscal year. Base compensation for the most recently completed financial year should not be considered as an indicator of expected base compensation levels in future periods as compensation levels may fluctuate depending on the outcome of the Board's salary negotiations with the NEOs. All compensation is subject to and dependent on the Corporation's financial resources and forecasts.

## 2. *Annual Bonuses*

Annual bonuses are variable components of compensation and are short-term incentives. In special circumstances the Compensation Committee may award annual cash bonuses that are designed to reward executives for corporate, business or individual achievements. The Compensation Committee does not have pre-existing performance criteria or objectives for the grant of cash bonuses. The Compensation Committee assesses the Corporation's achievement of its business strategy and the individual performance of each executive officer annually and determines the amount of the award, if any, at its discretion.

## 3. *Option Grants*

The Compensation Committee may award executive officers long-term incentives in the form of options to purchase common shares of the Corporation ("**Options**") pursuant to the Corporation's incentive stock option plan (the "**Option Plan**"). The Corporation believes that compensation to executive officers in the form of Options better aligns the interests of executive officers and shareholders and encourages long-term value creation for shareholders. The Compensation Committee believes that Options motivate a goal driven management team and build long-term employee loyalty and retention. Previous grants of Options are taken into account when considering new grants, however, the Compensation Committee does not have pre-existing performance criteria or objectives for the grant of Options. The Compensation Committee has discretion when making an award of Options to impose a vesting schedule for such award as it deems appropriate.

As the Corporation pays each element of compensation for a different purpose it makes decisions about each component independent of the others. Notwithstanding this fact, the Compensation Committee is always cognizant of the total size of each executive officer's compensation package and works to ensure that on the whole, it is appropriate given the financial resources, size and stage of development of the Corporation.

The Corporation periodically reviews its compensation practices to ensure they do not promote excessive risk taking or are likely to have a material adverse effect on the Corporation. There is currently no prohibition on an executive officer or director of the Corporation from purchasing financial instruments to offset a decrease in market value of equity securities held directly or indirectly by that executive officer. To the Corporation's knowledge no executive officer or director of the Corporation has entered into or purchased such a financial instrument.

## Compensation Governance

The Corporation's Compensation Committee is comprised of Malcolm Clay and Michael Doggett, both of whom are independent directors within the meaning set out in National Instrument 52-110 – *Audit Committees* ("NI 52-110"). All three of the members of the Compensation Committee are experienced participants in the capital markets who have had experience sitting on the corporate boards in addition to that of the Corporation. The Compensation Committee has the responsibility of recommending stock option grants and bonus awards to the Board in addition to negotiating the NEOs' annual salaries or consulting fees.

## Summary Compensation Table

The following table sets forth the total compensation paid to or earned by the Named Executive Officers for the Corporation's three (3) most recently completed financial years:

| Name and Principal Position           | Year Ended Dec 31 | Salary/ Consulting fees (\$) | Share-based Awards (\$) | Option-based Awards <sup>(1)</sup> (\$) | Non-equity Incentive Plan Compensation (\$) |                           | Pension Value (\$) | All Other Compensation (\$) | Total Compensation (\$) |
|---------------------------------------|-------------------|------------------------------|-------------------------|---|---|---------------------------|--------------------|-----------------------------|-------------------------|
|                                       |                   |                              |                         |   | Annual Incentive Plans                      | Long-term Incentive Plans |                    |                             |                         |
| Ken Cai <sup>(2)</sup><br>CEO         | 2021              | 45,000                       | -                       | -                                       | -   | -                         | -                  | 21,396                      | 66,396                  |
|                                       | 2020              | 58,595                       | -                       | 83,864                                  | -   | -                         | -                  | 7,963                       | 150,422                 |
|                                       | 2019              | 93,750                       | -                       | -                                       | -   | -                         | -                  | 9,319                       | 103,069                 |
| Melinda Hsu <sup>(3)</sup><br>CFO     | 2021              | 37,500                       | -                       | -                                       | -   | -                         | -                  | -                           | 37,500                  |
|                                       | 2020              | 25,625                       | -                       | 23,296                                  | -   | -                         | -                  | -                           | 48,921                  |
| Larry Tsang <sup>(4)</sup><br>CFO     | 2020              | 10,444                       | -                       | -                                       | -   | -                         | -                  | -                           | 10,444                  |
|                                       | 2019              | 20,672                       | -                       | -                                       | -   | -                         | -                  | -                           | 20,672                  |
| Ken Leigh <sup>(5)</sup><br>President | 2020              | 136,050                      | -                       | -                                       | -   | -                         | -                  | -                           | 136,050                 |
|                                       | 2019              | 162,563                      | -                       | -                                       | -   | -                         | -                  | -                           | 162,563                 |

- (1) The Black-Scholes valuation methodology was used to determine fair value on the date of grant. Accordingly, the value shown for these options are not in-the-money value at the time of grant, but the theoretical value of the options at that time based on the Black Scholes option pricing formula. Please see the table under "Outstanding Share-based Awards and Option-based Awards for Named Executive Officers" for the in-the-money value of these options on December 31, 2021.
- (2) As a management director of the Corporation, Dr. Cai does not receive any director's fees relating to his role as a director. The consulting fees were paid to a company controlled by Dr. Cai, through which Dr. Cai provides services to the Corporation.
- (3) Ms. Hsu was appointed Chief Financial Officer on April 1, 2020 and the consulting fees were paid to a company controlled Ms. Hsu, through which Ms. Hsu provides services to the Corporation.
- (4) Mr. Tsang joined the Corporation January 14, 2016 and retired on March 31, 2020. The consulting fees were paid to a company controlled by Mr. Tsang, through which Mr. Tsang provides services to the Corporation.
- (5) Mr. Ken Leigh was appointed President on June 28, 2017 and left the Corporation in June 2020. Included in the salary, there was \$65,025 of severance benefits.

## Incentive Plan Awards

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

The following table sets forth the options granted to the Named Executive Officers to purchase or acquire securities of the Corporation outstanding at the end of the most recently completed financial year:

| Name        | Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Value of Unexercised In-the-money Options (\$) <sup>(1)</sup> |
|-------------|---|----------------------------|------------------------|---|
| Ken Cai     | 900,000   | 0.12                       | April 28, 2025         | Nil   |
|             | 1,000,000   | 0.17                       | January 31, 2023       | Nil   |
|             | 530,000   | 0.24                       | February 6, 2022       | Nil   |
| Melinda Hsu | 250,000   | 0.12                       | April 28, 2025         | Nil   |

<sup>(1)</sup> The aggregate dollar value of the in-the-money unexercised vested options held at the end of the last financial year, based on the difference between the market value of the shares at the financial year end, and the exercise price. This does not mean the options were exercised or that any shares were sold at these values.

### ***Incentive Plan Awards – Value Vested or Earned During the Year***

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to Named Executive Officers during the most recently completed financial year:

| Name        | Option-based Awards – Value Vested During the Year (\$) <sup>(1)</sup> | Non-equity Incentive Plan Compensation – Value earned During the Year (\$) |
|-------------|--|--|
| Ken Cai     | Nil  | Nil  |
| Melinda Hsu | Nil  | Nil  |

<sup>(1)</sup> The aggregate value of the option-based awards vested during the most recent financial year is based on the difference between the Corporation share price on the vesting day of any options that vested during the financial year and the exercise price of the options.

### **Pension Plan Benefits**

The Corporation does not provide pension plan benefits to any NEO.

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

#### *Chief Executive Officer*

The Corporation has entered into a consulting agreement (the "**Agreement**") with Elite Investments Capital Limited ("Elite") dated January 1, 2021 for a term of three (3) years. Elite provides the Corporation with the consulting services of Dr. Ken Z. Cai. Dr. Cai's received a salary of \$45,000 per annum. Under the terms of the Agreement, Dr. Cai is entitled to compensation based on his remuneration at the time, in the event of termination without cause.

If the Corporation terminates the Agreement without cause, Dr. Cai shall receive twenty-four (24) months of compensation.

Dr. Cai's services under this Agreement shall terminate on the happening of any of the following events:

- (i) the mutual consent in writing of both parties to this Agreement to terminate the services;
- (ii) the termination of Dr. Cai's services by the Corporation with cause, which shall include a material breach by the Consultant of one or more of the terms of this Agreement;
- (iii) written notice given by one party to the other setting out a date for termination effective not less than

six (6) months after the date on which the notice is deemed to be given; or

- (iv) in the event the Dr. Cai provides written notice to the Corporation, no severance shall be provided.

In the event that there is a take-over or change of control of the Corporation resulting in the actual or constructive termination of Dr. Cai's services under this Agreement, the Corporation shall pay compensation equal to twenty-four (24) months of fees in addition to the termination payment.

If the Agreement had been terminated without cause on December 31, 2021, Dr. Cai would have received a cash payment of \$90,000. Dr. Cai's vested options would be cancelled 30 days after the date of termination without cause and immediately if terminated with cause.

## Director Compensation

### *Director Compensation Table*

The following table sets forth the value of all compensation provided to directors, not including those directors who are also Named Executive Officers, for the Corporation's most recently completed financial year:

| Name            | Fees Earned (\$) | Option-based Awards <sup>(1)</sup> (\$) | All Other Compensation (\$) | Total (\$) |
|-----------------|------------------|---|-----------------------------|------------|
| Malcolm Clay    | 12,500           | Nil                                     | Nil                         | 12,500     |
| Michael Doggett | 10,500           | Nil                                     | Nil                         | 10,500     |

(1) The Black-Scholes valuation methodology was used to determine fair value on the date of grant.

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

The following table sets forth the options granted to the directors of the Corporation, not including those directors who are also Named Executive Officers, to purchase or acquire securities of the Corporation outstanding at the end of the most recently completed financial year:

| Name            | Option-based Awards -Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Value of Unexercised In-the-money Options (\$) |
|-----------------|--|----------------------------|------------------------|--|
| Malcolm Clay    | 375,000  | 0.17                       | January 31, 2023       | Nil  |
|                 | 200,000  | 0.24                       | February 6, 2022       | Nil  |
|                 | 380,000  | 0.12                       | April 28, 2025         | Nil  |
| Michael Doggett | 375,000  | 0.17                       | January 31, 2023       | Nil  |
|                 | 350,000  | 0.24                       | February 6, 2022       | Nil  |
|                 | 380,000  | 0.12                       | April 28, 2025         | Nil  |

<sup>(1)</sup> The aggregate dollar value of the in-the-money unexercised vested options held at the end of the last financial year, based on the difference between the market value of the shares at the financial year end, and the exercise price. This does not mean the options were exercised or that any shares were sold at these values.

### *Incentive Plan Awards – Value Vested or Earned During the Year*

The following table sets forth the value vested or earned during the year of option-based awards and non-equity incentive plan compensation paid to the directors of the Corporation, not including those directors who are also Named Executive Officers, during the financial year ended December 31, 2021:

| <b>Name</b>     | <b>Option-based Awards – Value Vested During the Year (\$)<sup>(1)</sup></b> | <b>Non-equity Incentive Plan Compensation – Value Earned During the Year (\$)</b> |
|-----------------|--|---|
| Malcolm Clay    | Nil  | Nil   |
| Michael Doggett | Nil  | Nil   |

<sup>(1)</sup> The aggregate value of the option-based awards vested during the most recent financial year is based on the difference between the Corporation share price on the vesting day of any options that vested during the financial year and the exercise price of the options.

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

### **Equity Compensation Plan Information**

The following table sets out information relating to the Corporation's Incentive Stock Option Plan ("Option Plan") as at December 31, 2021:

| <b>Plan Category</b>  |             | <b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b> | <b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b> | <b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b> |
|---|-------------|--|--|--|
| <b>Equity compensation plans approved by shareholders</b>     | Option Plan | 6,640,000  | 0.16   | 3,512,976  |
| <b>Equity compensation plans not approved by shareholders</b> | n/a         | n/a  | n/a  | n/a  |

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

As at the date of this Information Circular, no individual who is or was a director, executive officer or employee of the Corporation or any of its subsidiaries, any proposed nominee for election as a director of the Corporation or any associate of such director or officer, is or was, at the end of the most recently completed financial year, indebted to the Corporation or any of its subsidiaries since the beginning of the most recently completed financial year of the Corporation, or is or has been indebted to another entity that is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries during that period.

## **MANAGEMENT CONTRACTS**

To the best of the knowledge of the directors and officers of the Corporation, management functions of the Corporation are not, to any substantial degree, performed by a person other than the directors and senior officers of the Corporation.

## **AUDIT COMMITTEE**

The full text of the Audit Committee's charter is attached hereto as Schedule "A".

## CORPORATE GOVERNANCE

### Board of Directors

The Board is responsible for managing and supervising the management of the business and affairs of the Corporation. Each year, the Board must review the relationship that each director has with the Corporation in order to satisfy themselves that the relevant independence criteria have been met.

Other than interests arising from shareholdings in the Corporation, all of the directors of the Corporation, other than Dr. Cai, are "independent" within the meaning set out in NI 52-110 in that they are free from any interest which could reasonably interfere with their exercise of independent judgment as directors of the Corporation. Dr. Cai is an executive officer of the Corporation and therefore not independent.

In order to facilitate its exercise of independent judgment in carrying out its responsibilities, the Board may establish informal committees on an as needed basis consisting solely of independent directors to consider certain matters to be considered by the Board. The Board, or any committee, may also seek advice from outside advisors. The Board also follows a practice whereby any director who has an interest in a matter that the Board is considering must abstain from voting on the matter and exit the Board meeting while such matter is being considered by the Board.

Following is a breakdown of the directors of the Corporation that hold directorships in other reporting issuers:

| Name of Director | Name of Other Reporting Issuer                             |
|------------------|--|
| Ken Z. Cai       | Minco Silver Corporation<br>HempNova Lifetech Corporation  |
| Malcolm Clay     | GreenPower Motor Industries                                |
| Michael Doggett  | HempNova Lifetech Corporation<br>Element 29 Resources Inc. |

The independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. Although Dr. Cai, Chief Executive Officer of the Corporation, generally chairs meetings of the Board, the Corporation does not have a Chairman of the Board.

The Board believes that this structure best reflects the entrepreneurial leadership of the Corporation. The Board is satisfied that the autonomy of the Board and its ability to function independently of management are protected through measures such as the Audit Committee, the Compensation Committee and the Nominating Committee being composed of all independent directors. In addition, the independent members of the Board meet separately from the non-independent members and the Board encourages its independent members to seek the advice of financial, legal or other consultants when necessary.

The Board committees assist in the effective functioning of the Board. All Board committees are currently comprised of all independent directors, which ensures that the views of independent directors are effectively represented. The Board has three committees: the Compensation Committee, the Nominating Committee and the Audit Committee. Special committees may be formed from time to time as required to review particular matters or transactions.

The Compensation Committee is responsible for the development, implementation and monitoring of the Corporation's compensation policy for executive officers and members of the Board.

Following are the members of the Compensation Committee:

Malcolm Clay

Michael Doggett

The Nominating Committee was appointed by the Board to propose new nominees from time to time as the need arises.

The following are the members of the Nominating Committee:

Michael Doggett (Chair)

Malcolm Clay

The Audit Committee is appointed by the Board to assist in monitoring: (i) the integrity of the financial statements of the Corporation; (ii) the compliance by the Corporation with the legal and regulatory requirements; and (iii) the independent performance of the Corporation's external auditors, which shall report directly to the Audit Committee.

The Company's entire Board members are the members of the Audit Committee as follows:

Malcolm Clay (Chair)

Ken Cai

Michael Doggett

### **Audit Committee Oversight**

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit 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 Corporation's most recently completed financial year has the Corporation 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 National Instrument 52-110.

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

The Audit Committee is authorized by the Board of Directors to review the performance of the Corporation's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including a review of the range of services provided in the context of all consulting services bought by the Corporation. The Audit Committee is authorized to approve in writing any non-audit services or additional work which the Chairman of the Audit Committee deems is necessary, and the Chairman will notify the other members of the Audit Committee of such non-audit or additional work and the reasons for such non-audit work for the Committee's consideration, and if thought fit, approval in writing.

### External Auditor Service Fees

The fees billed by the Corporation's external auditors in each of the last two financial years for audit and non-audit related services provided to the Corporation or its subsidiaries (if any) are as follows:

| Financial Year<br>Ending December<br>31 | Audit Fees | Audit Related Fees | Tax Fees | All other Fees |
|---|------------|--------------------|----------|----------------|
| 2021                                    | 19,000     | 232                | -        | -              |
| 2020                                    | 20,000     | 262                | -        | 1,500          |

### Exemption

As a TSX Venture Exchange listed issuer, the Corporation is exempt from the requirements of Part 3 *Composition of the Audit Committee* and Part 5 *Reporting Obligations* of NI 52-110.

### Orientation and Continuing Education

The Corporation does not have a formal process of orientation and education for new members of the Board. The current directors are experienced in boardroom procedure and corporate governance and generally have a good understanding of the business. As necessary, new members of the Board are provided with information about the Corporation, the role of the Board, the Board's committees, the Board's directors and the Corporation's industry. In addition, the Corporation provides continuing education for its directors as such need arises.

### Ethical Business Conduct

The Corporation adopted a Code of Ethics (the "**Code**"), which is available on the Corporation's website at [www.mincogold.com](http://www.mincogold.com). The Code sets out the principles that should guide the behavior of the Corporation's directors, officers and employees. The Board is responsible for monitoring compliance with the Code.

The Corporation has also adopted a Whistleblower Policy which is incorporated within the Corporation's Communications Policy. A copy of the Communications Policy may be obtained by written request to the Corporation's offices located at #2060-1055 West Georgia Street, Vancouver, BC V6E 3R5, Attn: Corporate Secretary.

To ensure directors of the Corporation exercise independent judgment in considering transactions, agreements or decisions in respect of which a director or executive officer has declared a material personal interest (in accordance with relevant corporate law requirements), the Board follows a practice whereby any such Board member must be absent during any Board discussion pertaining thereto and not cast a vote on any such matter. Significant contracts that may be deemed to be a conflict are also reviewed and approved by the Corporation's Audit Committee.

The Board advocates a high standard of integrity for all its members and the Corporation. To this end, all directors and officers are required to read and understand the Corporation's Code of Ethics and Communications Policy. The Board relies upon the selection of directors, officers, employees and consultants whom it considers as meeting the highest ethical standards to promote a culture of ethical business conduct. In addition, the Board must comply with conflict of interest provisions in Canadian corporate law and relevant securities regulatory instruments in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

## **Nomination of Directors**

The Nominating Committee is composed entirely of independent directors and analyzes the needs of the Board when vacancies arise and identifies and proposes new nominees who have the necessary competencies and characteristics to meet such needs. New candidates are introduced to the Board by members of the Nominating Committee. In order to foster an objective nomination process, the independent members of the Board are encouraged to recommend nominees for the Board.

## **Compensation**

The Compensation Committee is appointed by the Board to, among other things; discharge the Board's responsibilities relating to compensation of the Corporation's directors and officers. The Compensation Committee periodically reviews the adequacy and form of compensation to ensure it realistically reflects the responsibilities and risks involved in being an effective director or officer and allows the Corporation to attract qualified candidates. Such review includes an examination of publicly available data as well as independent compensation surveys.

The Compensation Committee annually reviews and approves corporate goals and performance milestones relevant to the compensation of the Chief Executive Officer, Chief Financial Officer and other executive officers (collectively, the "**Senior Officers**"). It evaluates the Senior Officer's performance in light of those goals and objectives and sets the Chief Executive Officer's compensation level based on this evaluation. The Compensation Committee meets without the presence of other executive officers when approving the Chief Executive Officer's compensation.

The Compensation Committee is comprised of independent directors. In order to ensure an objective process for determining compensation, the Compensation Committee reviews independent materials such as pay survey data and industry reports. The Compensation Committee benchmarks against other companies using peer group studies compiled for the Compensation Committee. In addition, the Compensation Committee may consult with outside independent compensation advisory firms if it deems advisable.

## **Assessments**

The Board is responsible for keeping management informed of its evaluation of the performance of the Corporation and its senior officers in achieving and carrying out the Board's established goals and policies, and is also responsible for advising management of any remedial action or changes which it may consider necessary. Additionally, directors are expected to devote the time and attention to the Corporation's business and affairs as necessary to discharge their duties as directors effectively.

The Board does not have a formal process to monitor the effectiveness of the Board, its committees and individual members, but rather relies on an informal review process. In order to gauge performance, the Board considers the following:

- (a) input from directors, where appropriate;
- (b) attendance of directors at meetings of the Board and any committee;
- (c) the charter of each committee; and
- (d) the competencies and skills each individual director is expected to bring to the Board and each committee.

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

Except as otherwise disclosed herein, no director, executive officer or proposed nominee for election as a director of the Corporation, or any of their associates or affiliates, has any material interest, direct or indirect, by way of beneficial ownership of common shares of the Corporation or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors or the appointment of auditors of the Corporation.

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

Except as otherwise disclosed herein, no insider of the Corporation, nor the proposed nominees for election as directors of the Corporation, nor any associate or affiliate of such insider or proposed nominees, has had any material interest, direct or indirect, in any transaction since the beginning of the last financial year of the Corporation, or in any proposed transaction which has materially affected or will materially affect the Corporation or any of its subsidiaries.

### **REGISTRAR AND TRANSFER AGENT**

The registrar and transfer agent of the Corporation is Computershare Investor Services Inc., 510 Burrard Street, 3<sup>rd</sup> Floor, Vancouver, British Columbia V6C 3B9.

**The persons named in the enclosed form of proxy intend to vote at the Meeting IN FAVOUR of this resolution, unless the shareholder has specified in the form of proxy that its shares are to be voted against the resolution.**

### **OTHER BUSINESS**

Management of the Corporation knows of no other matters to come before the Meeting other than as referred to in the Notice of Meeting. However, if any other matter(s) which are not known to management of the Corporation shall properly come before the Meeting, the Proxy given pursuant to the solicitation by management of the Corporation will be voted on such matter(s) in accordance with the best judgment of the person(s) voting the Proxy.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Corporation to request copies of the Corporation's financial statements and management's discussion and analysis ("MD&A") by sending a written request to 2060-1055 West Georgia Street, Vancouver, British Columbia, Canada V6E 3R5, Attention: Corporate Secretary. Financial information is provided in the Corporation's comparative financial statements and MD&A for its fiscal year ended December 31, 2021, which are also available on SEDAR.

**APPROVAL OF INFORMATION CIRCULAR**

The undersigned hereby certifies that the contents and the sending of this Information Circular have been approved by the directors of the Corporation.

DATED at Vancouver, British Columbia, Canada, this 26<sup>th</sup> day of May 2022.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
MINCO CAPITAL CORPORATION**

*/s/ Ken Z. Cai*

\_\_\_\_\_  
Ken Z. Cai

Chief Executive Officer and Director

## Schedule "A"

### AUDIT COMMITTEE CHARTER

#### Mandate and Purpose of the Committee

The Audit Committee (the "**Committee**") of the board of directors (the "**Board**") of Minco Capital Corporation (the "**Corporation**") is a standing committee of the Board whose primary function is to assist the Board in fulfilling its oversight responsibilities relating to:

- a) the integrity of the Corporation's financial statements;
- b) the Corporation's compliance with legal and regulatory requirements, as they relate to the Corporation's financial statements;
- c) the qualifications, independence and performance of the Corporation's auditor;
- d) internal controls and disclosure controls;
- e) the performance of the Corporation's internal audit function;
- f) consideration and approval of certain related party transactions; and
- g) performing the additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

#### Authority

The Committee has the authority to:

- a) engage and compensate independent counsel and other advisors as it determines necessary or advisable to carry out its duties; and
- b) communicate directly with the Corporation's auditor.

The Committee has the authority to delegate to individual members or subcommittees of the Committee.

#### Composition and Expertise

The Committee shall be composed of a minimum of three (3) members, each whom is a director of the Corporation. A majority of the Committee members must be "independent" and all must be "financially literate" as such terms are defined in applicable securities legislation.

Committee members shall be appointed annually by the Board at the first meeting of the Board following each annual meeting of shareholders. Committee members hold office until the next annual meeting of shareholders or until they are removed by the Board or cease to be directors of the Corporation.

The Board shall appoint one member of the Committee to act as Chair of the Committee. If the Chair of the Committee is absent from any meeting, the Committee shall select one of the other members of the Committee to preside at that meeting.

#### Meetings

Any member of the Committee or the auditor may call a meeting of the Committee. The Committee shall meet at least four (4) times per year and as many additional times as the Committee deems necessary to carry out its duties. The Chair shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and senior management.

Notice of the time and place of every meeting shall be given in writing to each member of the Committee, at least 72 hours (excluding holidays) prior to the time fixed for such meeting. The Corporation's auditor

shall be given notice of every meeting of the Committee and, at the expense of the Corporation, shall be entitled to attend and be heard thereat. If requested by a member of the Committee, the Corporation's auditor shall attend every meeting of the Committee held during the term of office of the Corporation's auditor.

A majority of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present in person or by means of such telephonic, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

The Committee may invite such directors, officers and employees of the Corporation and advisors as it sees fit from time to time to attend meetings of the Committee.

The Committee shall meet without management present whenever the Committee deems it appropriate.

The Committee shall appoint a Secretary who need not be a director or officer of the Corporation. Minutes of the meetings of the Committee shall be recorded and maintained by the Secretary and shall be subsequently presented to the Committee for review and approval.

### **Committee and Charter Review**

The Committee shall conduct an annual review and assessment of its performance, effectiveness and contribution, including a review of its compliance with this Charter. The Committee shall conduct such review and assessment in such manner as it deems appropriate and report the results thereof to the Board.

The Committee shall also review and assess the adequacy of this Charter on an annual basis, taking into account all legislative and regulatory requirements applicable to the Committee, as well as any guidelines recommended by regulators or the Toronto Stock Exchange and shall recommend changes to the Board thereon.

### **Reporting to the Board**

The Committee shall report to the Board in a timely manner with respect to each of its meetings held. This report may take the form of circulating copies of the minutes of each meeting held.

### **Duties and Responsibilities**

#### **Financial Reporting**

- I. The Committee is responsible for reviewing and recommending approval to the Board of the Corporation's annual and interim financial statements, MD&A and related news releases, before they are released.
- II. The Committee is also responsible for:
  - (i) being satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in the preceding paragraph, and for periodically assessing the adequacy of those procedures;
  - (ii) engaging the Corporation's auditor to perform a review of the interim financial statements and receiving from the Corporation's auditor a formal report on the auditor's review of such interim financial statements;
  - (iii) discussing with management and the Corporation's auditor the quality of

applicable accounting principles and financial reporting standards, not just the acceptability of thereof;

- (iv) discussing with management any significant variances between comparative reporting periods; and
- (v) in the course of discussion with management and the Corporation's auditor, identifying problems or areas of concern and ensuring such matters are satisfactorily resolved.

#### **Auditor**

III. The Committee is responsible for recommending to the Board:

- (i) the auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and
- (ii) the compensation of the Corporation's auditor.

IV. The Corporation's auditor reports directly to the Committee. The Committee is directly responsible for overseeing the work of the Corporation's auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the Corporation's auditor regarding financial reporting.

#### **Relationship with the Auditor**

V. The Committee is responsible for reviewing the proposed audit plan and proposed audit fees. The Committee is also responsible for:

- (i) establishing effective communication processes with management and the Corporation's auditor so that it can objectively monitor the quality and effectiveness of the auditor's relationship with management and the Committee;
- (ii) receiving and reviewing regular feedback from the auditor on the progress against the approved audit plan, important findings, recommendations for improvements and the auditor's final report;
- (iii) reviewing, at least annually, a report from the auditor on all relationships and engagements for non-audit services that may be reasonably thought to bear on the independence of the auditor; and
- (iv) meeting in camera with the auditor whenever the Committee deems it appropriate.

#### **Accounting Policies**

VI. The Committee is responsible for:

- (i) reviewing the Corporation's accounting policy note to ensure completeness and acceptability with applicable accounting principles and financial reporting standards as part of the approval of the financial statements;
- (ii) discussing and reviewing the impact of proposed changes in accounting standards or securities policies or regulations;

- (iii) reviewing with management and the auditor any proposed changes in major accounting policies and key estimates and judgments that may be material to financial reporting;
- (iv) discussing with management and the auditor the acceptability, degree of aggressiveness/conservatism and quality of underlying accounting policies and key estimates and judgments; and
- (v) discussing with management and the auditor the clarity and completeness of the Corporation's financial disclosures.

### **Risk and Uncertainty**

- VII. The Committee is responsible for reviewing, as part of its approval of the financial statements:
  - (i) uncertainty notes and disclosures; and
  - (ii) MD&A disclosures.
- VIII. The Committee, in consultation with management, will identify the principal business risks and decide on the Corporation's "appetite" for risk. The Committee is responsible for reviewing related risk management policies and recommending such policies for approval by the Board. The Committee is then responsible for communicating and assigning to the applicable Board committee such policies for implementation and ongoing monitoring.
- IX. The Committee is responsible for requesting the auditor's opinion of management's assessment of significant risks facing the Corporation and how effectively they are managed or controlled.

### **Controls and Control Deviations**

- X. The Committee is responsible for reviewing:
  - (i) the plan and scope of the annual audit with respect to planned reliance and testing of controls; and
  - (ii) major points contained in the auditor's management letter resulting from control evaluation and testing.
- XI. The Committee is also responsible for receiving reports from management when significant control deviations occur.

### **Compliance with Laws and Regulations**

- XII. The Committee is responsible for reviewing regular reports from management and others (e.g. auditors) concerning the Corporation's compliance with financial related laws and regulations, such as:
  - (i) tax and financial reporting laws and regulations;
  - (ii) legal withholdings requirements;
  - (iii) environmental protection laws; and
  - (iv) other matters for which directors face liability exposure.

## **Related Party Transactions**

All transactions between the Corporation and a related party (each a "related party transaction"), other than transactions entered into in the ordinary course of business, shall be presented to the Committee for consideration.

The term "related party" includes (i) all directors, officers, employees, consultants and their associates (as that term is defined in the *Securities Act* (Ontario)), as well as all entities with common directors, officers, employees and consultants (each "general related parties"), and (ii) all other individuals and entities having beneficial ownership of, or control or direction over, directly or indirectly securities of the Corporation carrying more than 10% of the voting rights attached to all of the Corporation's outstanding voting securities (each "10% shareholders").

Related party transactions involving general related parties which are not material to the Corporation require review and approval by the Committee. Related party transactions that are material to the Corporation or that involve 10% shareholders require approval by the Board, following review thereof by the Committee and the Committee providing its recommendation thereon to the Board.

## **Non-Audit Services**

All non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's auditor must be pre-approved by the Committee.

## **Submission Systems and Treatment of Complaints**

The Committee is responsible for establishing procedures for:

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

The Committee is responsible for reviewing complaints and concerns that are brought to the attention of the Chair of the Committee and for ensuring that any such complaints and concerns are appropriately addressed. The Committee shall report quarterly to the Board on the status of any complaints or concerns received by the Committee.

## **PROCEDURE FOR REPORTING OF FRAUD OR CONTROL WEAKNESSES**

Each employee is expected to report situations in which he or she suspects fraud or is aware of any internal control weaknesses. An employee should treat suspected fraud seriously, and ensure that the situation is brought to the attention of the Committee. In addition, weaknesses in the internal control procedures of the Corporation that may result in errors or omissions in financial information, or that create a risk of potential fraud or loss of the Corporation's assets, should be brought to the attention of both management and the Committee.

To facilitate the reporting of suspected fraud, it is the policy of the Corporation that the employee (the "whistleblower") has anonymous and direct access to the Chair of the Committee. The current Chair, Mr. Malcolm Clay, can be reached at 604-788-0693. Should a new Chair be appointed prior to the updating of this document, current Chair will ensure that the whistleblower is able to reach the new Chair in a timely manner. In the event that the Chair of the Committee cannot be reached, the whistleblower should contact the Chair of the Board. Access to the names and place of employment of the Corporation's Directors can be found in the Corporation's website.

In addition, it is the policy of the Corporation that employees concerned about reporting internal control weaknesses directly to management are able to report such weaknesses to the Committee anonymously. In this case, the employee should follow the same procedure detailed above for reporting suspected fraud.

**Hiring Policies**

The Committee is responsible for reviewing and approving the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditor of the Corporation.

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