

**STRATEGEM CAPITAL CORPORATION**

**Annual General Meeting  
to be held on October 5, 2018**

**Notice of Annual General Meeting  
and  
Information Circular**

**August 28, 2018**

## STRATEGEM CAPITAL CORPORATION

Suite 410 - 325 Howe Street  
Vancouver, B.C. V6C 1Z7

### NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual general meeting (the “**Meeting**”) of the shareholders of Strategem Capital Corporation (the “**Company**”) will be held at Suite 410 - 325 Howe Street, Vancouver, British Columbia, on Friday, October 5, 2018 at 10:00 a.m. (local time in Vancouver, British Columbia). At the Meeting, the shareholders will receive the financial statements for the year ended December 31, 2017, together with the auditor’s report thereon, and consider resolutions to:

1. fix the number of directors for the ensuing year at four (4);
2. elect directors for the ensuing year;
3. appoint De Visser Gray LLP, Chartered Accountants, as auditor of the Company for the ensuing year;
4. authorize the directors to determine the remuneration to be paid to the auditor;
5. confirm the Company’s stock option plan, as required annually by the policies of the TSX Venture Exchange; and
6. transact such other business as may properly be put before the Meeting.

All shareholders are entitled to attend and vote at the Meeting in person or by proxy. The Board of Directors (the “**Board**”) requests that all shareholders who will not be attending the Meeting in person read, date and sign the accompanying proxy and deliver it to Computershare Investor Services Inc. (“**Computershare**”). If a shareholder does not deliver a proxy to Computershare, Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, by 10:00 a.m. (local time in Vancouver, British Columbia) on Wednesday, October 3, 2018 (or before 48 hours, excluding Saturdays, Sundays and holidays before any adjournment of the meeting at which the proxy is to be used), then the shareholder will not be entitled to vote at the Meeting by proxy. Only shareholders of record at the close of business on Tuesday, August 28, 2018 will be entitled to vote at the Meeting.

An information circular and a form of proxy accompany this notice.

DATED at Vancouver, British Columbia, the 28<sup>th</sup> day of August, 2018.

#### ON BEHALF OF THE BOARD

*“Kenneth W. Morgan”*

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Kenneth W. Morgan  
Chief Executive Officer and President

# STRATEGEM CAPITAL CORPORATION

Suite 410 - 325 Howe Street  
Vancouver, B.C. V6C 1Z7

## INFORMATION CIRCULAR

(as at August 28, 2018 except as otherwise indicated)

### SOLICITATION OF PROXIES

This information circular (the “**Circular**”) is provided in connection with the solicitation of proxies by the management of Strategem Capital Corporation (the “**Company**”). The form of proxy which accompanies this Circular (the “**Proxy**”) is for use at the annual general meeting of the shareholders of the Company to be held on Friday, October 5, 2018 (the “**Meeting**”), at the time and place set out in the accompanying notice of Meeting (the “**Notice of Meeting**”). The Company will bear the cost of this solicitation. The solicitation will be made by mail, but may also be made by telephone.

### APPOINTMENT AND REVOCATION OF PROXY

The persons named in the Proxy are directors and/or officers of the Company. **A registered shareholder who wishes to appoint some other person to serve as their representative at the Meeting may do so by striking out the printed names and inserting the desired person’s name in the blank space provided.** The completed Proxy should be delivered to Computershare Investor Services Inc. (“**Computershare**”) by 10:00 a.m. (local time in Vancouver, British Columbia) on Wednesday, October 3, 2018, or before 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment of the Meeting at which the Proxy is to be used.

The Proxy may be revoked by:

- (a) signing a proxy with a later date and delivering it at the time and place noted above;
- (b) signing and dating a written notice of revocation and delivering it to Computershare, or by transmitting a revocation by telephonic or electronic means, to Computershare, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of it, at which the Proxy is to be used, or delivering a written notice of revocation and delivering it to the Chairman of the Meeting on the day of the Meeting or adjournment of it; or
- (c) attending the Meeting or any adjournment of the Meeting and registering with the scrutineer as a shareholder present in person.

### Provisions Relating to Voting of Proxies

**The shares represented by Proxy in the form provided to shareholders will be voted or withheld from voting by the designated holder in accordance with the direction of the registered shareholder appointing him. If there is no direction by the registered shareholder, those shares will be voted for all proposals set out in the Proxy and for the election of directors and the appointment of the auditors as set out in this Circular. The Proxy gives the person named in it the discretion to vote as such person sees fit on any amendments or variations to matters identified in the Notice of Meeting,**

**or any other matters which may properly come before the Meeting. At the time of printing of this Circular, the management of the Company (the “Management”) knows of no other matters which may come before the Meeting other than those referred to in the Notice of Meeting.**

#### **Advice to Beneficial Holders of Common Shares**

**The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold common shares in their own name.** Shareholders who hold their common shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their common shares in their own name (referred to herein as “**Beneficial Shareholders**”) should note that only proxies deposited by shareholders who appear on the records maintained by the Company’s registrar and transfer agent as registered holders of common shares will be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then those common shares will, in all likelihood, not be registered in the shareholder’s name. Such common shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). In the United States, the vast majority of such common shares are registered under the name of Cede & Co., the registration name for The Depository Trust Company, which acts as nominee for many United States brokerage firms. Common shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted or withheld at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker’s clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. The form of instrument of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable voting instruction form (“**VIF**”), mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge VIF cannot use that form to vote common shares directly at the Meeting. The VIFs must be returned to Broadridge (or instructions respecting the voting of common shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the common shares voted. If you have any questions respecting the voting of common shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

The Notice of Meeting, Circular, Proxy and VIF, as applicable, are being provided to both registered shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories - those who object to their identity being known to the issuers of securities which they own (“**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities which they own

("NOBOs"). Subject to the provisions of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101"), issuers may request and obtain a list of their NOBOs from intermediaries directly or via their transfer agent and may obtain and use the NOBO list for the distribution of proxy-related materials directly (not via Broadridge) to such NOBOs. If you are a Beneficial Shareholder and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of common shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the common shares on your behalf.

Pursuant to the provisions of NI 54-101, the Company is providing the Notice of Meeting, Circular and Proxy or VIF, as applicable, to both registered owners of the securities and non-registered owners of the securities. If you are a non-registered owner, and the Company 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. By choosing to send these materials to you directly, the Company (and not the intermediary holding common shares on your behalf) has assumed responsibility for (a) delivering these materials to you, and (b) executing your proper voting instructions. Please return your voting instructions as specified in the VIF. As a result, if you are a non-registered owner of the securities, you can expect to receive a scannable VIF from Computershare. Please complete and return the VIF to Computershare in the envelope provided or by facsimile. In addition, telephone voting and internet voting instructions can be found on the VIF. Computershare will tabulate the results of the VIFs received from the Company's NOBOs and will provide appropriate instructions at the Meeting with respect to the common shares represented by the VIFs they receive.

The Company's OBOs can expect to be contacted by Broadridge or their brokers or their broker's agents as set out above. The Company does not intend to pay for intermediaries to deliver the Notice of Meeting, Circular and VIF to OBOs and accordingly, if the OBO's intermediary does not assume the costs of delivery of those documents in the event that the OBO wishes to receive them, the OBO may not receive the documentation.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the common shares in that capacity. NI 54-101 allows a Beneficial Shareholder who is a NOBO to submit to the Company or an applicable intermediary any document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder. If such a request is received, the Company or an intermediary, as applicable, must arrange, without expenses to the NOBO, to appoint such NOBO or its nominee as a proxyholder and to deposit that proxy within the time specified in this Circular, provided that the Company or the intermediary receives such written instructions from the NOBO at least one business day prior to the time by which proxies are to be submitted at the Meeting, with the result that such a written request must be received by 1:00 p.m. (local time in Vancouver, British Columbia) on the day which is at least three business days prior to the Meeting. **A Beneficial Shareholder who wishes to attend the Meeting and to vote their common shares as proxyholder for the registered shareholder, should enter their own name in the blank space on the VIF or such other document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

All references to shareholders in the Notice of Meeting, Circular and the accompanying Proxy are to registered shareholders of the Company as set forth on the list of registered shareholders of the Company as maintained by the registrar and transfer agent of the Company, Computershare, unless specifically stated otherwise.

## Financial Statements

The audited financial statements of the Company for the year ended December 31, 2017, together with the auditor's report on those statements and Management Discussion and Analysis, will be presented to the shareholders at the Meeting.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at the date of the accompanying Notice of Meeting, the Company's authorized capital consists of an unlimited number of Class A Common shares without par value, an unlimited number of Class B Common shares without par value and an unlimited number of Class A Preference shares without par value, of which 4,321,699 Class A Common shares, 220 Class B Common shares and no Class A Preference shares are issued and outstanding. The Class A Common shares and the Class B Common shares in the capital of the Company carry the right to one vote. Except for such rights relating to the election of directors on default in payment of dividends as may be attached to any series of the Class A Preference shares by the directors, holders of Class A Preference shares are not entitled to receive notice of or attend or vote at any general meeting of shareholders of the Company. Only the Class A Common shares are listed and posted for trading on the TSX Venture Exchange (the "Exchange").

Shareholders registered as at August 28, 2018, are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, the following persons beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the issued and outstanding common shares of the Company:

Shareholder	Number of Shares	Percentage of Issued Capital
Kenneth W. Morgan	1,051,936 Class A Common shares	24.34%
Michael Katz	1,272,493 Class A Common shares	29.44%
Arthur Smolensky	650,024 Class A Common shares	15.04%
Aline Smolensky	526,450 Class A Common shares	12.18%

## ELECTION OF DIRECTORS

The directors of the Company are elected annually and hold office until the next annual general meeting of the shareholders or until their successors are elected or appointed. Management proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed. In the absence of instructions to the contrary, Proxies given pursuant to the solicitation by the Management will be voted for the nominees listed in this Circular. Management does not contemplate that any of the nominees will be unable to serve as a director. The number of directors of the Company is currently set at four.

**Pursuant to the advance notice provisions contained in the Company’s articles, any additional director nominations for the Meeting must have been received by the Company no later than the close of business on August 28, 2018. As no such nominations were received by the Company prior to such date, Management’s nominees for election as directors set forth below shall be the only nominees eligible to stand for election at the Meeting.**

The following table sets out the names of the nominees for election as directors, the offices they hold within the Company, their occupations, the length of time they have served as directors of the Company, and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the date of this Circular.

Name, province or state and country of residence and positions, current and former position, if any, held in the Company	Principal occupation during the last five years	Served as a director of the Company since	Number of Class A Common shares and Class B Common shares beneficially owned, directly or indirectly, or controlled or directed at present <sup>(1)</sup>
<b>KENNETH W. MORGAN<sup>(2)(3)</sup></b> British Columbia, Canada  <i>President, Chief Executive Officer, Director</i>	President, Chief Executive Officer and a director of Strategem Capital Corporation since July 2001.	July 19, 2001	1,051,936 Class A Common shares <sup>(4)</sup>
<b>MARK T. BROWN</b> British Columbia, Canada  <i>Director</i>	President, Pacific Opportunity Capital Ltd. (“ <b>POC</b> ”); founder of Rare Element Resources Ltd.; director of Big Sky Petroleum Corporation, Avrupa Minerals Ltd., Alianza Minerals Ltd., Almaden Minerals Ltd., Almadex Minerals Limited, Galileo Petroleum Ltd., Sutter Gold Mining Inc. Ltd. and Paget Minerals Corp.	September 10, 2001	Nil
<b>MICHAEL KATZ<sup>(2)(3)</sup></b> London, United Kingdom  <i>Director</i>	UK-based businessman.	September 19, 2006	1,272,493 Class A Common shares
<b>MARC BLYTHE<sup>(2)</sup></b> British Columbia, Canada  <i>Director</i>	CEO, President and director of Tarsis Resources Ltd. since July 23, 2007; director of Arcus Development Group Inc. since November 25, 2010.	June 14, 2011	Nil

Notes:

- (1) The information as to common shares beneficially owned or controlled has been provided by the nominees themselves.
- (2) A member of the Audit Committee.
- (3) A member of the Investment Committee.
- (4) 526,240 of these 1,051,936 Class A Common shares are registered in the name of Pryce Family Trust No. 1 for which Mr. Morgan has trading authority. Mr. Morgan does not beneficially own, directly or indirectly, these 526,240 shares.

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

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

No director or proposed director of the Company 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 Company, 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**

No director or proposed director of the Company 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**

None of the proposed directors have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, 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 be likely to be considered important to a reasonable security holder making a decision about whether to vote for the proposed director.

## **EXECUTIVE COMPENSATION**

### **Named Executive Officers**

During the financial year ended December 31, 2017, the Company had two Named Executive Officers (“NEOs”) being, Kenneth W. Morgan, the Chief Executive Officer (“CEO”) and President, and Winnie Wong, the Chief Financial Officer (“CFO”) of the Company.

“Named Executive Officer” means: (a) each CEO, (b) each CFO, (c) each of the three most highly compensated executive officers of the company, including any of its subsidiaries, 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 whose total compensation was, individually, more than \$150,000; and (d) each individual who would be a NEO under (c) above but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

## COMPENSATION DISCUSSION AND ANALYSIS

### Compensation Discussion and Analysis

The compensation of the Company's NEOs is determined by the Board, which is composed of four members, three of whom are independent.

The Board's compensation program is designed to provide competitive levels of compensation, a significant portion of which is dependent upon individual and corporate performance and contribution to increasing shareholder value. The Board recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive's level of responsibility. In general, a NEOs compensation is comprised of three components:

- (a) Salary, wages or contractor payments;
- (b) Discretionary bonus; and
- (c) Stock option grants.

The objectives and reasons for this system of compensation are generally to allow the Company to remain competitive compared to its peers in attracting experienced personnel. The CEO is paid a salary that is lower than his comparative salary levels for a person of his experience and capabilities because he also beneficially owns, directly or indirectly, or exercises control or direction over, directly or indirectly, 10% or more of the issued and outstanding Class A Common shares of the Company. The CFO also takes a payment as a contractor that is lower than comparative salary levels because she also works as the CFO for other companies and does not devote 100% of her time to the Company.

Stock option grants are designed to reward the NEOs for success on a similar basis as the shareholders of the Company, but these rewards are highly dependent upon the volatile stock market, much of which is beyond the control of the NEOs.

The Board has not formally considered the risks associated with the Company's compensation policies and practices. The Company's compensation policies and practices give greater weight toward long-term incentives to mitigate the risk of encouraging short term goals at the expense of long term sustainability. The discretionary nature of annual bonus awards and option grants are significant elements of the Company's compensation plans and provide the Board with the ability to reward historical performance and behaviour that the Board considers to be aligned with the Company's best interests. The Company has attempted to minimize those compensation practices and policies that expose the Company to inappropriate or excessive risks.

The Company has not established a policy on whether or not a NEO or director is 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.

### Share-Based and Option-Based Awards

The Company does not grant share-based awards. Stock option grants are made on the basis of the number of stock options currently held, position, overall individual performance, anticipated contribution to the Company's future success and the individual's ability to influence corporate and business performance. The purpose of granting such stock options is to assist the Company in compensating,

attracting, retaining and motivating the officers, directors and employees of the Company and to closely align the personal interest of such persons to the interest of the shareholders.

The recipients of incentive stock options and the terms of the stock options granted are determined from time to time by the Board. The exercise price of the stock options granted is generally determined by the market price at the time of grant.

### SUMMARY COMPENSATION TABLE

Set out below is a summary of compensation paid or accrued during the Company's three most recently completed financial years to the Company's NEOs.

#### Summary Compensation Table

Name and principal position	Year	Salary (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
				Annual incentive plans	Long-term incentive plans			
Kenneth W. Morgan <i>CEO and President</i>	2017	115,920	N/A	N/A	N/A	N/A	N/A	115,920
	2016	115,920	N/A	N/A	N/A	N/A	N/A	115,920
	2015	115,920	N/A	N/A	N/A	N/A	N/A	115,920
Winnie Wong <i>CFO and Secretary</i>	2017	N/A	N/A	N/A	N/A	N/A	48,266 <sup>(1)</sup>	48,266
	2016	N/A	N/A	N/A	N/A	N/A	65,528 <sup>(1)</sup>	65,528
	2015	N/A	N/A	N/A	N/A	N/A	85,557 <sup>(1)</sup>	85,557

Note:

- (1) POC, a company of which Winnie Wong is the Vice President, charged a total of \$48,266, \$65,528 and \$85,557 for accounting and management fees during 2017, 2016 and 2015 respectively.

#### Narrative Discussion

*Kenneth W. Morgan:* The Company entered into an agreement (the "**Yew Street Agreement**") dated April 20, 2001, as amended, with Yew Street Capital Corporation ("**Yew Street**"), a private company wholly-owned by Mr. Morgan. Pursuant to the Yew Street Agreement, Mr. Morgan provides management consulting services, through Yew Street, to the Company. The Company paid to Yew Street a salary of \$4,200 per month from January 1, 2014 to October 31, 2014; \$9,200 from November 1, 2014 to May 31, 2015; and \$9,660 from June 1, 2015 to December 31, 2016.

*Winnie Wong:* The Company paid a total of \$48,266 during the financial year ended 2017 to POC, a company which Ms. Wong is a Vice President, for the management and accounting services of an accounting and administrative team of two people during 2017.

### INCENTIVE PLAN AWARDS

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

The Company does not grant share-based awards. The following table sets forth the outstanding option-based awards held by the NEOs of the Company at the end of the most recently completed financial year:

**Outstanding Option-Based Awards**

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
Kenneth W. Morgan <i>CEO and President</i>	Nil	N/A	N/A	N/A
Winnie Wong <i>CFO and Secretary</i>	Nil	N/A	N/A	N/A

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

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed financial year by each NEO:

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

Name	Option-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Kenneth W. Morgan <i>CEO and President</i>	N/A	N/A
Winnie Wong <i>CFO and Secretary</i>	N/A	N/A

**Narrative Discussion**

The following information is intended as a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan, which will be available for review at the Meeting. All references to “shares” in the below description are to Class A Common shares.

1. The maximum number of shares that may be issued upon the exercise of stock options granted under the Stock Option Plan shall not exceed 10% of the issued and outstanding common shares of the Company at the time of grant, the exercise price of which, as determined by the Board in its sole discretion, shall not be less than the closing price of the Company’s shares traded through the facilities of the Exchange on the date prior to the date of grant, less allowable discounts, in accordance with the policies of the Exchange or, if the shares are no longer listed for trading on the Exchange, then such other exchange or quotation system on which the shares are listed or quoted for trading.
2. The Board shall not grant options to any one person in any 12 month period which will, when exercised, exceed 5% of the issued and outstanding shares of the Company or to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed 2% of the issued and outstanding shares of the Company.

3. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Stock Option Plan. All options granted under the Stock Option Plan may not have an expiry date exceeding ten years from the date on which the Board grants and announces the granting of the option.
4. In the event that an option holder holds his or her options as a director or officer of the Company and such option holder ceases to hold such position other than by reason of death or disability, the expiry date of the option shall be, unless otherwise expressly provided for in the option certificate, the 90th day following the date the option holder ceases to hold such position.
5. In the event that the option holder holds his or her options as an employee or consultant, other than an option holder who is engaged in investor relations activities, and such option holder ceases to hold such position other than by reason or death or disability, the expiry date of the option shall be, unless otherwise expressly provided for in the option certificate, the 90th day following the date the option holder ceases to hold such position, or, in the case of an option holder that is engaged in investor relations activities while the Company is classified as a Tier 2 issuer on the Exchange, the 30th day after the date such option holder ceases to hold such position.

The Board retains the discretion to impose vesting periods on any options granted.

#### **PENSION BENEFITS**

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

#### **TERMINATION AND CHANGE OF CONTROL BENEFITS**

Pursuant to the Yew Street Agreement, the Company is required to pay Yew Street, a private company wholly-owned by Kenneth W. Morgan, \$250,000 upon termination of the Yew Street Agreement. The Yew Street Agreement may be terminated by the Company at any time, for any reason, by providing Yew Street with 30 days written notice.

The table below sets out the estimated incremental payments, payables and benefits due to each of the NEOs on termination without cause assuming termination on December 31, 2017.

<b>Name</b>	<b>Base Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Option-Based Awards (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Kenneth W. Morgan <i>CEO and President</i>	\$250,000	N/A	N/A	N/A	\$250,000
Winnie Wong <i>CFO and Secretary</i>	N/A	N/A	N/A	N/A	N/A

The table below sets out the estimated incremental payments, payables and benefits due to each of the NEOs on termination on a change of control or resignation for good cause following a change of control assuming termination or resignation on December 31, 2017.

<b>Name</b>	<b>Base Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Option-Based Awards (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Kenneth W. Morgan <i>CEO and President</i>	\$250,000	N/A	N/A	N/A	\$250,000
Winnie Wong <i>CFO and Secretary</i>	N/A	N/A	N/A	N/A	N/A

#### **NORMAL COURSE ISSUER BID**

On August 1, 2017, the Company obtained the approval from the Exchange to undertake a normal course issuer bid to purchase of up to 218,549 of its issued and outstanding Class A Common Shares representing approximately 5% of the Company's issued and outstanding Class A Common Shares. Purchases may be made on the open market through the facilities of the Exchange by Raymond James Ltd. between August 2, 2017 and July 31, 2018. During the year ended December 31, 2017, 49,300 Class A common shares were purchased by the Company and the shares were cancelled and returned to treasury.

On July 18, 2018, the Company obtained an approval from the Exchange to undertake a normal course issuer bid to allow the Company to purchase of up to 216,084 of its Class A common shares, representing approximately 5% of its issued and outstanding shares. Purchases may be made on the open market through the facilities of the Exchange by Raymond James Ltd. starting August 1, 2018 and will run until July 31, 2019.

#### **DIRECTOR COMPENSATION**

The Company does not grant share-based awards. Other than compensation paid to the NEOs, and except as noted below, no compensation was paid to directors in their capacity as directors of the Company, in their capacity as members of a committee of the Board, or as consultants or experts, during the Company's most recently completed financial year.

Set out below is a summary of compensation paid or accrued during the Company's most recently completed financial year to the Company's directors, other than the NEOs previously disclosed:

### Director Compensation Table

Name	Fees Earned <sup>(1)</sup> (\$)	Option-based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Mark T. Brown	\$14,000	N/A	N/A	N/A	N/A	\$14,000
Michael Katz	\$14,000	N/A	N/A	N/A	N/A	\$14,000
Marc Blythe	\$14,000	N/A	N/A	N/A	N/A	\$14,000

Note:

(1) The Company pays director fees of \$3,000 per quarter and \$500 per meeting to each director.

### Narrative Discussion

Other than as noted above, no compensation was paid to directors in their capacity as directors of the Company, in their capacity as members of a committee of the Board or as consultants or experts, during the Company's most recently completed financial year.

### INCENTIVE PLAN AWARDS

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

The Company does not have any share-based awards held by a director. The following table sets forth details of all awards granted to directors of the Company which are outstanding at the end of the most recently completed financial year.

#### Outstanding Option-Based Awards

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
Mark T. Brown	Nil	N/A	N/A	N/A
Michael Katz	Nil	N/A	N/A	N/A
Marc Blythe	Nil	N/A	N/A	N/A

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

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed financial year by each director:

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

Name	Option-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Mark T. Brown	N/A	N/A
Michael Katz	N/A	N/A
Marc Blythe	N/A	N/A

**EQUITY COMPENSATION PLAN INFORMATION**

The following table sets out those securities of the Company which have been authorized for issuance under equity compensation plans, as at the end of the most recently completed financial year:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by the securityholders	Nil	N/A	432,169
Equity compensation plans not approved by the securityholders	Nil	N/A	N/A
<b>Total</b>	Nil	N/A	432,169

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the current or former directors, executive officers, employees of the Company, the proposed nominees for election to the Board, or their respective associates or affiliates, are or have been indebted to the Company since the beginning of the most recently completed financial year of the Company.

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

No director or executive officer of the Company or any proposed nominee of Management of the Company for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, since the beginning of the Company's last financial year in matters to be acted upon at the Meeting, other than the election of directors, the appointment of auditors and the confirmation of the Stock Option Plan.

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

None of the persons who were directors or executive officers of the Company at any time during the Company's last completed financial year, the proposed nominees for election to the Board, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Company, nor any associate or affiliate of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company.

## **APPOINTMENT OF AUDITOR**

### **Auditor**

Management intends to nominate De Visser Gray LLP, Chartered Professional Accountants, of Suite 401 - 905 West Pender Street, Vancouver, British Columbia, V6C 1L6, for re-appointment as auditor of the Company. Forms of proxies given pursuant to this solicitation will, on any poll, be voted as directed and, if there is no direction, for the re-appointment of De Visser Gray LLP, Chartered Professional Accountants, as the auditor of the Company to hold office for the ensuing year with remuneration to be fixed by the directors. De Visser Gray LLP, Chartered Professional Accountants was initially appointed to act as the auditor of the Company effective September 10, 2010.

## **MANAGEMENT CONTRACTS**

Management, administrative and secretarial functions are provided by POC. A total of \$48,266 was invoiced by POC for management and accounting services rendered and for the services of Mark T. Brown, a director of the Company, and Winnie Wong, the Chief Financial Officer, and two other staff members of POC for the year ended December 31, 2017.

## **AUDIT COMMITTEE**

The Company is required to have an audit committee (the "**Audit Committee**") comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company.

### **Audit Committee Charter**

The text of the Audit Committee's charter is attached as Schedule "A" to this Circular.

### **Composition of Audit Committee and Independence**

The Company's current Audit Committee consists of Kenneth Morgan, Michael Katz and Marc Blythe.

National Instrument 52-110 - *Audit Committees* ("**NI 52-110**") provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with the Company, which could, in the view of the Company's Board, reasonably interfere with the exercise of the member's independent judgment. Of the Company's current Audit Committee members, Michael Katz and Marc Blythe are "independent" within the meaning of NI 52-110. Kenneth W. Morgan is not "independent" as he is also the President and CEO of the Company.

NI 52-110 provides that an individual is “financially literate” if he or she 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. All of the members of the Audit Committee are “financially literate” as that term is defined. The following sets out the Audit Committee members’ education and experience that is relevant to the performance of his responsibilities as an audit committee member.

### **Relevant Education and Experience**

Based on their business and educational experiences, each audit committee member has a reasonable understanding of the accounting principles used by the Company; an ability to assess the general application of such principles in connection of the accounting for estimates, accruals and reserves; experience analyzing and evaluating financial statements that present a breadth and level of complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more individuals engaged in such activities; and an understanding of internal controls and procedures for financial reporting.

*Kenneth W. Morgan, CPA(CA), CPA(WA)*

Mr. Morgan is a Chartered Director, Chartered Professional Accountant, Certified Public Accountant and holds a Bachelor of Commerce degree from the University of British Columbia. Mr. Morgan has over 20 years of experience serving as a director or senior officer of publicly listed companies, including positions as Chief Financial Officer.

*Michael Katz, MBA, CFA*

Mr. Katz received a BA degree from McGill University and an MBA degree from Concordia University in Montreal. He also holds the CFA designation and is a member of the Toronto Society of Financial Analysts. Mr. Katz has held various positions with Toronto Dominion Bank, Richardson Greenshields, and CIBC Wood Gundy.

*Marc Blythe*

Mr. Blythe received a Master of Business Administration from La Trobe University in Melbourne and a Bachelor of Mining Engineering degree from the Western Australian School of Mines. Mr. Blythe acted as Vice President, Mining of Almaden Minerals Ltd. from 2006 until July 2011. He was Corporate Senior Mining Engineer for Placer Dome Inc. based in Vancouver from 2004 until 2006, where he completed internal and external mine evaluation, including advising on potential acquisitions and mining technology implementation. Mr. Blythe has managed mines for both Placer Dome Inc. and WMC Resources Ltd. (formerly Western Mining Corporation). As a result of his background and career, Mr. Blythe is financially literate and familiar with public company financial statements and the accounting principles used in reading and preparing financial statements.

### **Audit Committee Oversight**

Since the commencement of the Company’s most recently completed financial year, the Audit Committee of the Company has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

**Reliance on Certain Exemptions**

Since the commencement of the Company’s most recently completed financial year, the Company has not relied on:

- (a) the exemption in section 2.4 (De Minimis Non-audit Services) of NI 52-110; or
- (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

**Pre-Approval Policies and Procedures**

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services.

**Audit Fees**

The following table sets forth the fees billed by De Visser Gray LLP, Chartered Accountants, to the Company, for services rendered in the last two fiscal years:

	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Audit fees <sup>(1)</sup>	20,000	20,000
Audit related fees <sup>(2)</sup> .....	Nil	Nil
Tax fees <sup>(3)</sup> .....	3,000	3,000
All other fees <sup>(4)</sup> .....	Nil	Nil
<b>Total</b>	<u>\$23,000</u>	<u>\$23,000</u>

Notes:

- (1) “Audit fees” include aggregate fees billed by the Company’s external auditor in each of the last two fiscal years for audit fees.
- (2) “Audited related fees” include the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company’s external auditor that are reasonably related to the performance of the audit or review of the Company’s financial statements and are not reported under “Audit fees” above. The services provided include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “Tax fees” include the aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company’s external auditor for tax compliance, tax advice and tax planning. The services provided include tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All other fees” include the aggregate fees billed in each of the last two fiscal years for products and services provided by the Company’s external auditor, other than “Audit fees”, “Audit related fees” and “Tax fees” above.

**Exemption in Section 6.1**

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

## CORPORATE GOVERNANCE DISCLOSURE

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

### **Board of Directors**

Management is nominating four individuals to the Board, all of whom are current directors of the Company.

The Guidelines suggest that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as “independent” directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect “material relationship” with the Company. The “material relationship” is defined as a relationship which could, in the view of the Company’s Board, reasonably interfere with the exercise of a director’s independent judgement. All of the current members of the Board are considered “independent” within the meaning of NI 52-110, except for Kenneth W. Morgan, who is the President and CEO of the Company and Mark T. Brown, who is the President and a director of a company which receives consulting fees from the Company.

The Board has a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Company, provide leadership and direction to Management, evaluate Management, set policies appropriate for the business of the Company and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Company is delegated by the Board to the CEO and the President. The Board will give direction and guidance through the President to Management and will keep Management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

The Board recommends nominees to the shareholders for election as directors. Immediately following each annual general meeting, the Board appoints an Audit Committee and the chairperson of the Audit Committee. The Board establishes and periodically reviews and updates the Audit Committee mandates, duties and responsibilities, elects a chairperson of the Board and establishes his or her duties and responsibilities, appoints the CEO, CFO and President of the Company and establishes the duties and responsibilities of those positions and on the recommendation of the CEO and the President, appoints the senior officers of the Company and approves the senior management structure of the Company.

The Board exercises its independent supervision over management by its policies that (a) periodic meetings of the Board be held to obtain an update on significant corporate activities and plans; and (b) all material transactions of the Company are subject to prior approval of the Board. The Board shall meet not less than three times during each year and will endeavour to hold at least one meeting in each fiscal quarter. The Board will also meet at any other time at the call of the President, or subject to the Articles of the Company, of any director.

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia), is to manage or supervise management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company’s affairs directly and through its committees.

## **Directorships**

The following directors of the Company are also directors of other reporting issuers as stated:

- Mark T. Brown is a director of Alianza Minerals Ltd., Big Sky Petroleum Corporation, Avrupa Minerals Ltd., Almaden Minerals Ltd., Almadex Minerals Limited, Azucar Minerals Ltd., Ascent Industries Corp., Mountain Boy Minerals Ltd. and Sutter Gold Mining Inc.; and
- Marc Blythe is a director of Arcus Development Group Inc., Galileo Exploration Ltd. and Alianza Minerals Ltd.

## **Orientation and Continuing Education**

The Company does not provide a formal orientation and education program for new directors of the Company. However, any new directors will be given the opportunity to: (a) familiarize themselves with the Company, the current directors and members of management; (b) review copies of recently publicly filed documents of the Company, technical reports and the Company's internal financial information; (c) have access to technical experts and consultants; and (d) review a summary of significant corporate and securities legislation. Directors are also given the opportunity for continuing education.

Board meetings may also include presentations by the Company's management and consultants to give the directors additional insight into the Company's business.

## **Ethical Business Conduct**

The Board currently does not have a written code of ethics, but views good corporate governance as an integral component to the success of the Company. The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by the applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

## **Nomination of Directors**

The Board considers its size each year when it considers the number of directors to recommend to its shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience. Accordingly, in light of the Company's state of development, the Board considers four directors to be appropriate.

The Board does not currently have a nominating committee, and these functions are currently performed by the Board as a whole.

## **Compensation Governance**

The quantity and quality of the Board compensation and compensation paid to the Chief Executive Officer is reviewed on an annual basis and determined by the Board as a whole, which allows the independent directors to have input into compensation decisions. At present, the Board is satisfied that the current compensation arrangements adequately reflect the responsibilities and risks involved in being an effective director or officer of the Company. At this time, the Company does not believe its size and limited scope of operations requires a formal compensation committee.

## **Investment Policy and Investment Committee**

Historically the investment policy of the Company had been focussed on investments in natural resource based securities or low-risk financial assets. As a result of the general slowdown in the demand for natural resource commodities, the narrow focus of the Company's investment policy resulted in fewer attractive resource-based opportunities and diminished returns owing to the increasing reliance of investments in lower risk financial assets. As a result of the foregoing, on April 29, 2016, the Company adopted a new investment policy (the "Investment Policy") with respect to the Company's investment objectives.

The investment objectives of Strategem Capital Corporation (the "Company") are to provide investors with capital growth through investments in a broad spectrum of diversified investment assets. These investment assets may include securities, mutual funds, government treasury issues, real estate or other related opportunities. Investments shall be focused, high growth opportunities in private or public companies and there will be no bias to sector based on economic, financial and market conditions.

The key features of the Investment Policy are as follows:

- Investment with high capital growth potential;
- Investments in companies at all stages of development;
- Investments in debt, equity, or any combination thereof;
- Investment in companies or projects with strong management teams;
- Investments intended to be passive, but the Company may seek an active role where the Company may add strategic value;
- Investment will not be limited in size or scope;
- Investments may include real estate investments in projects or passive ownership of real estate assets

The Investment Policy is intended as a guide to the Company and the investment committee of the Company. The Investment Policy will be reviewed by the board of directors annually to ensure that the Investment Policy meets the objectives of the Company and whether the investment policy requires amendment.

The Investment Committee consists of Ken Morgan and Michael Katz.

## **Other Board Committees**

At the present time, the only standing committees are the Audit Committee and the Investment Committee. The written charter of the Audit Committee, as required by NI 52-110, is contained in Schedule "A" to this Circular. As the Company grows, and its operations and management structure became more complex, the Board expects it will constitute more formal standing committees, such as a Corporate Governance Committee, a Compensation Committee and a Nominating Committee, and will ensure that such committees are governed by written charters and are composed of at least a majority of independent directors.

## **Assessments**

The Board monitors the adequacy of information given to directors, communication between the Board and Management and the strategic direction and processes of the Board and any committees of the Board.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### Confirming Stock Option Plan

Shareholders are being asked to confirm approval of the Company's stock option plan (the "**Stock Option Plan**"), which was initially adopted by the directors of the Company on December 4, 2008, as amended on June 9, 2011. The Stock Option Plan is subject to approval by the Exchange.

The following information is intended as a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan, which will be available for review at the Meeting.

The following information is intended as a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan, which will be available for review at the Meeting. All references to "shares" in the below description are to Class A Common shares.

1. The maximum number of shares that may be issued upon the exercise of stock options granted under the Stock Option Plan shall not exceed 10% of the issued and outstanding common shares of the Company at the time of grant, the exercise price of which, as determined by the Board in its sole discretion, shall not be less than the closing price of the Company's shares traded through the facilities of the Exchange on the date prior to the date of grant, less allowable discounts, in accordance with the policies of the Exchange or, if the shares are no longer listed for trading on the Exchange, then such other exchange or quotation system on which the shares are listed or quoted for trading.
2. The Board shall not grant options to any one person in any 12 month period which will, when exercised, exceed 5% of the issued and outstanding shares of the Company or to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed 2% of the issued and outstanding shares of the Company.
3. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Stock Option Plan. All options granted under the Stock Option Plan may not have an expiry date exceeding ten years from the date on which the Board grants and announces the granting of the option.
4. In the event that an option holder holds his or her options as a director or officer of the Company and such option holder ceases to hold such position other than by reason of death or disability, the expiry date of the option shall be, unless otherwise expressly provided for in the option certificate, the 90th day following the date the option holder ceases to hold such position.
5. In the event that the option holder holds his or her options as an employee or consultant, other than an option holder who is engaged in investor relations activities, and such option holder ceases to hold such position other than by reason or death or disability, the expiry date of the option shall be, unless otherwise expressly provided for in the option certificate, the 90th day following the date the option holder ceases to hold such position, or, in the case of an option holder that is engaged in investor relations activities while the Company is classified as a Tier 2 issuer on the Exchange, the 30th day after the date such option holder ceases to hold such position.

The Board retains the discretion to impose vesting periods on any options granted.

In accordance with the policies of the Exchange, a plan with a rolling 10% maximum must be confirmed by shareholders at each annual general meeting.

Accordingly, at the Meeting, the shareholders will be asked to pass the following resolution:

**“IT IS RESOLVED THAT the Stock Option Plan is hereby approved and confirmed.”**

### **General Matters**

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice of Meeting, but if any other matters do arise, the person named in the Proxy intends to vote on any poll, in accordance with his or her best judgement, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment of the Meeting.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information about the Company is provided in the Company’s comparative annual financial statements to December 31, 2017, a copy of which, together with Management’s Discussion and Analysis thereon, can be found on the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com). Additional financial information concerning the Company may be obtained by any securityholder of the Company free of charge by contacting the Company, at (604) 694-0011.

### **BOARD APPROVAL**

The contents of this Circular have been approved and its mailing authorized by the directors of the Company.

DATED at Vancouver, British Columbia, the 28<sup>th</sup> day of August, 2018.

### **ON BEHALF OF THE BOARD**

*“Kenneth W. Morgan”*

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Kenneth W. Morgan  
Chief Executive Officer and President

# STRATEGEM CAPITAL CORPORATION

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## Schedule “A” Audit Committee Charter

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### **The Charter**

The Company established its Audit Committee Charter (the “**Charter**”) on August 23, 2004.

#### *Mandate*

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

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

#### *Composition*

The Committee shall be comprised of a minimum of three directors from the Board of Directors. If the Company ceases to be a “venture issuer” (as that term is defined in NI 52-110), then all of the members of the Committee shall be free from any direct or indirect material relationship that, in the opinion of the Board of Directors, could reasonably interfere with the exercise of the member’s independent judgment.

If the Company ceases to be a “venture issuer” (as that term is defined in NI 52-110), then all members of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the 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 reasonably be expected to be raised by the Company’s financial statements.

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

### *Meetings*

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

### *Responsibilities and Duties*

To fulfill its responsibilities and duties, the Committee shall:

1. Documents/Reports Review

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

2. External Auditors

- (a) review annually, the performance of the external auditors who shall be ultimately accountable to the Company's Board of Directors and the Committee as representatives of the shareholders of the Company;
- (b) obtain annually, a formal written statement from the external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1;
- (c) review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors;
- (d) take, or recommend that the Company's full Board of Directors take appropriate action to oversee the independence of the external auditors, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (e) recommend to the Company's Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval;
- (f) recommend to the Company's Board of Directors the compensation to be paid to the external auditors;
- (g) at each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements;
- (h) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company;

- (i) review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements; and
- (j) review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided,
  - (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services, and
- (k) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

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

### 3. Financial Reporting Processes

- (a) in consultation with the external auditors, review with management the integrity of the Company's financial reporting processes, 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 receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
- (k) establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

4. Other

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