

FOUNTAIN ASSET CORP.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY given that the Annual General and Special Meeting (the "**Meeting**") of the holders (the "**Shareholders**") of the subordinate voting shares and the multiple voting shares of Fountain Asset Corp. (formerly GC-Global Capital Corp.) (the "**Company**" or "**Fountain Asset**") will be held on Friday, August 9, 2017 at the hour of 10:00 a.m., at McMillan LLP, 181 Bay Street, Suite 4400, Toronto, Ontario. The purpose of the meeting is to:

1. TO RECEIVE the 2016 Report of the Directors, the financial statements of the Company for the year ended December 31, 2016 and the auditor's report thereon;
2. TO RE-APPOINT Collins Barrow Toronto LLP, Toronto, Ontario as auditors of the Company and to authorize the directors to fix the remuneration of the auditors;
3. TO ELECT five directors to hold office until the next Annual General Meeting; and
4. TO CONSIDER and, if thought fit, to pass an ordinary resolution approving the Company's Stock Option Plan as more fully set forth in the accompanying Information Circular.

The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting and forms part of this Notice.

A form of proxy accompanies this Notice. If you are a registered holder of the shares of the Company, whether or not you are able to attend the meeting in person, the accompanying form of proxy should be completed, signed, dated and returned at your earliest convenience in the envelope provided. To be effective, the proxy must be returned to TMX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1, Attention: Proxy Department, not later than 10:00 a.m. on Friday, August 7, 2017 or delivered to the Chairman of the Meeting prior to the commencement of the Meeting. If you are able to attend the Meeting, sending your proxy will not prevent you from voting in person.

If you are a non-registered holder of the shares of the Company and receive these materials through your broker or through another intermediary, please complete and return the form of proxy in accordance with instructions provided to you by your broker or such other intermediary.

BY ORDER OF THE BOARD OF DIRECTORS

Dated June 30, 2017

"Jason G. Ewart" (signed)

Jason G. Ewart
Chief Executive Officer

FOUNTAIN ASSET CORP.

INFORMATION CIRCULAR (as at June 20, 2017, except as indicated)

SOLICITATION OF PROXIES

This Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by and on behalf of the Management of Fountain Asset Corp. (the “Company” or “Fountain Asset”) for use at the Annual and Special Meeting of the holders of the SVS (as hereinafter defined) and the MVS (as hereinafter defined) of the Company (the “Meeting”) to be held on August 4, 2017 at the place and time and for the purpose set forth in the enclosed notice of annual and special meeting of shareholders (the “Notice of Meeting”) and at any adjournments thereof.

Proxies will be solicited primarily by mail but may also be solicited personally, by telephone or by facsimile by the directors, officers or employees of the Company at nominal costs. The costs of solicitation will be borne by the Company. Pursuant to National Instrument 54-101 – “Communication with Beneficial Owners of Securities of a Reporting Issuer” (“NI 54-101”), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation material to the beneficial owners of the shares of the Company. The Company will provide, without cost to such persons, upon request to the Secretary of the Company, additional copies of the foregoing documents required for this purpose.

Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to “\$” are to Canadian dollars.

APPOINTMENT OF PROXY HOLDERS AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy with this Circular are directors of the Company. **Any shareholder desiring to appoint some other person, who need not be a shareholder of the Company, to represent them at the meeting may do so** by inserting such other person’s name in the blank space provided in the form of proxy and depositing the completed proxy with the Company c/o TMX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1, Attention: Proxy Department before 10:00 a.m. on August 2, 2017. A proxy can be executed by the shareholder or his attorney duly authorized in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized.

A shareholder has the right to revoke a proxy by delivering an instrument in writing, executed by the shareholder or by the shareholder’s attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation and delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting prior to commencement of the Meeting, or any adjournment thereof before any vote in respect of which the proxy to be used shall have been taken, or in any other manner provided by law.

ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to many shareholders of the Company as a substantial number of shareholders do not hold shares of the Company in their own name and thus are considered non-registered beneficial shareholders. Shareholders who do not hold shares of the Company in their own name (“Beneficial Holders”) should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of shares can be recognized and acted upon at the Meeting. If shares of the Company are listed in an account statement provided to a shareholder by a broker then, in almost all cases, those shares will not be registered in the shareholder’s name on the records of the Company. Shares beneficially owned by Beneficial Holders are typically registered either: (i) in the name of an intermediary (an “Intermediary”) (including, among others, banks, trust companies, securities dealers, brokers and trustees or administrators of self-administered RRSPs, RRIAs, RESPs and similar plans) that the Beneficial Holder deals with in respect of the shares, or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of the Canadian Securities Administrators, the Company will have distributed copies of the Notice of Meeting, this Circular and the enclosed form of proxy to the Intermediaries or clearing agencies for onward distribution to Beneficial Holders. If you are a Beneficial Holder, your Intermediary will be the entity legally entitled to vote your shares at the Meeting. Shares of the Company held by an Intermediary can only be voted upon the instructions of the Beneficial Holder. Without specific instructions, Intermediaries are prohibited from voting shares.

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Holders in advance of the Meeting. Often, the form of proxy supplied to a Beneficial Holder by its Intermediary is identical to the form of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Holder. The majority of Intermediaries

now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a scannable voting instruction form in lieu of the form of proxy. The Beneficial Holder is requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, the Beneficial Holder may call a toll-free telephone number or access the Internet to provide instructions regarding the voting of shares held by the Beneficial Holder. 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 Holder receiving a voting instruction form cannot use that voting instruction form to vote shares of the Company directly at the Meeting, as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have such shares voted.

Beneficial Holders should ensure that instructions respecting the voting of their shares of the Company are communicated in a timely manner and in accordance with the instructions provided by their Intermediary or Broadridge, as applicable. Every Intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Holders in order to ensure that their shares are voted at the Meeting.

Although a Beneficial Holder may not be recognized directly at the Meeting for the purpose of voting shares of the Company registered in the name of their Intermediary, a Beneficial Holder may attend the Meeting as proxyholder for the Intermediary and vote the shares in that capacity. **Beneficial Holders who wish to attend the Meeting and indirectly vote their shares as a proxyholder should enter their own names in the blank space on the form of proxy or voting instruction form provided to them by their Intermediary and/or Broadridge, as applicable, and return the same in accordance with the instructions provided by their Intermediary and/or Broadridge, as applicable, well in advance of the Meeting.**

The purpose of the above noted procedures is to permit Beneficial Holders to direct the voting of the shares of the Company which they beneficially own. Beneficial Holders should carefully follow the instructions and procedures of their Intermediary or Broadridge, as applicable, including those regarding when and where the form of proxy or voting instruction form is to be delivered.

NOTICE TO BENEFICIAL HOLDERS

Beneficial Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Company are referred to as non-objecting beneficial owners, or "NOBOs". Beneficial Holders who have objected to their Intermediary disclosing the ownership information about themselves to the Company are referred to as objecting beneficial owners, or "OBOs". In accordance with the requirements of NI 54-101, the Company is sending the Notice of Meeting, this Circular, and a form of proxy or voting instruction form, as applicable (collectively, the "**Meeting Materials**") directly to the NOBOs and, indirectly, through Intermediaries to the OBOs. By choosing to send these materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for: (i) delivering these materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions. The Company will pay the fees and costs of Intermediaries for their services in delivering Meeting Materials to OBOs in accordance with NI 54-101.

VOTING OF PROXIES

A shareholder may direct the manner in which his or her Fountain Asset shares are to be voted by marking the form of proxy accordingly. If the instructions in a proxy given to management are certain, the Fountain Asset shares represented by the proxy will be voted on any poll, and where a choice with respect to the resolution has been specified in the proxy, the Fountain Asset shares will be voted on any poll in accordance with the specification so made. Where no choice is so specified or in the absence of certain instructions, the proxy will confer discretionary authority and will be voted:

- (a) FOR the election of the nominees identified in this Circular as directors of the Company;
- (b) FOR the re-appointment of Collins Barrow Toronto LLP as independent auditors of the Corporation;
- (c) FOR the ordinary resolution to approve and re-confirm the stock option plan of the Company (the "**Plan**"), including the reservation for issuance under the Option Plan at any time of a maximum of 10% of the issued and outstanding SVS (as hereinafter defined) of the Company, in accordance with the policies of the TSX Venture Exchange (the "**Exchange**"); and

EXERCISE OF DISCRETION BY PROXY HOLDERS

The enclosed form of proxy confers discretionary authority upon the proxy holders named therein with respect to amendments or variations to matters identified in the Notice of Meeting and other matters not so identified which may properly be brought before the Meeting. At the date of this Circular, the management of Fountain Asset knows of no such amendments, variations or other matters to come before the Meeting. **If any other matter comes before the Meeting, the persons named in the proxy will vote in accordance with their judgement on such**

matter.

QUORUM

Two persons present in person, each being a shareholder entitled to vote thereat, or a duly appointed proxy for an absent shareholder so entitled will constitute a quorum at the Meeting or any adjournment or postponement thereof. The Company's list of shareholders as of the Record Date (as defined below) has been used to deliver to shareholders the Notice of Meeting and this Circular as well as to determine who is eligible to vote at the Meeting.

RECORD DATE

The Board of Directors of the Company (the "Board") has fixed the close of business on July 10, 2017 as the record date (the "**Record Date**") for the purposes of determining the holders of Fountain Asset shares entitled to receive notice of and to vote at the Meeting. In accordance with the provisions of the *Canada Business Corporations Act* (the "**CBCA**"), the Company has prepared a list of the holders of Fountain Asset shares on the Record Date. All shareholders of record as at the close of business on the Record Date will be entitled to vote at the Meeting.

INTERESTS OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as otherwise set out herein, no director or senior 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, in matters to be acted upon at the Meeting other than the election of directors.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As of May 31, 2017, the Company had outstanding:

- 1,035,719 Multiple Voting Shares (the "**MVS**"),
 - The holders of the MVS are entitled to four votes for each MVS held.
- 53,118,743 Subordinate Voting Shares (the "**SVS**"). MVS and SVS are collectively referred to herein as "**shares**"),
 - The holders of the SVS are entitled to one vote for each SVS held.

In order to be effective, each ordinary resolution to be submitted to shareholders at the Meeting must be approved by the affirmative vote of at least 50% of the votes cast thereon. Approximately 14% of the votes are controlled by the outstanding MVS.

To the knowledge of the directors and senior officers of the Company, as at May 31, 2017, the only persons or company known to Fountain Asset, its directors and officers to beneficially own, directly or indirectly, or exercises control or direction over shares carrying more than 10% of the outstanding MVS are: (i) Jason Ewart who holds directly and indirectly 413,974 MVS (representing approximately 40% of the outstanding MVS); (ii) Gordon Ewart who holds 158,895 MVS (representing approximately 15.3% of the outstanding MVS); and (iii) Jesse Ewart who holds 342,711 MVS (representing approximately 33.1% of the outstanding MVS).

To the knowledge of the directors and senior officers of the Company, as at May 31, 2017 no one person or company known to Fountain Asset, its directors and officers to beneficially own, directly or indirectly, or exercises control or direction over shares carrying more than 10% of the outstanding SVS.

PRESENTATION OF FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company for the financial year ended December 31, 2016, together with the report of the auditors thereon, will be presented to the shareholders at the Meeting. Receipt at the Meeting of the financial statements of the Company for the financial year ended December 31, 2016, and the auditors' report thereon, will not constitute approval or disapproval of any matters referred to therein.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Policy 58-201 – "Corporate Governance Guidelines" sets out a series of guidelines for effective corporate governance (the "**Guidelines**"). The Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. National Instrument 58-101 – "Disclosure of Corporate Governance Practices" ("**NI 58-101**") requires the disclosure by each listed corporation of its approach to corporate governance with reference

to the Guidelines, as it is recognized that the unique characteristics of each corporation will result in varying degrees of compliance with the Guidelines. Set out below is a description of the Company's approach to corporate governance in relation to the Guidelines.

Board of Directors

NI 58-101 defines an "independent director" as a director who has no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with such member's independent judgment.

The Board facilitates its exercise of independent supervision over management by maintaining a majority of 'independent' directors on the Board. Cesare Fazari, Alec Regis, Morris Prychidny and Paul Kelly are independent directors. Jason Ewart is not independent by reason of his position as Chief Executive Officer of the Company.

The Board has adopted corporate governance practices that comply with all applicable securities laws and the rules of the Exchange, to the extent applicable. The Board of Directors will include independent directors so as to fairly reflect investment of minority shareholders in the Company.

As part of the overall stewardship responsibility, the Board assumes responsibility for the following matters, amongst others:

- (i) adoption of a strategic planning process;
- (ii) the identification of the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage these risks;
- (iii) the succession planning, including appointing, training and monitoring senior management;
- (iv) a communications policy for the Company;
- (v) the integrity of the Company's internal control and management information systems; and
- (vi) the evaluation of the performance of the directors individually and their performance in the various committees.

Directorships

The following current and proposed directors of the Company currently serve on the board of directors of reporting issuers (or the equivalent in a jurisdiction outside of Canada) other than the Company as listed below:

Name	Name of Reporting Issuer	Exchange
Morris Prychidny	Bakerville Gold Mines Ltd.	TSX Venture Exchange
	Corporate Catalyst Acquisition Inc.	TSX Venture Exchange
	Nighthawk Gold Corp.	TSX Venture Exchange
	Northfield Capital Corporation	TSX Venture Exchange
Paul Kelly	Corporate Catalyst Acquisition Inc.	TSX Venture Exchange
Jason Ewart	The Hydrothecary Corporation	TSX Venture Exchange

Orientation and Continuing Education

The Board encourages directors to participate in continuing education programs.

Ethical Business Conduct

The Board has adopted of a Governance Manual containing a Code of Conduct and related policies and procedures. The Code of Conduct outlines ethics policies and rules for employees and senior officers. Senior officers are expected to sign a Compliance Affirmation certifying that they have read and agree to the policies of the Code of Conduct.

Nomination of Directors

Directors are recruited by recommendations from current or former directors or by members of its industry. New candidates are screened and interviewed and their qualifications considered. In identifying new candidates for nomination to the Board, matters of importance will include: (a) the specific skill set required on the Board at a given time, taking into account the existing skill sets of the Board; (b) the academic and employment-related qualifications of the individual; (c) relevant industry experience; and (d) alignment with the philosophies of the Company.

A short list is then prepared and submitted to the Board by the Chief Executive Officer of the Company. Upon approval by the Board, the Chief Executive Officer of the Company nominates the proposed director to the Board.

The Board has determined that the size of the Board is appropriate for the Company at this time and offers the flexibility to respond quickly to corporate opportunities and challenges as they arise from time to time. The Board as currently constituted brings together a mix of skills, backgrounds and attitudes that the Board considers appropriate for the stewardship of the Company.

Compensation

Compensation of management and the Board is determined by the Board with recommendations from the Compensation Committee of the Board. Compensation is determined by reference to the market and the personal contribution of each individual to the Company. For further details concerning steps taken to determine compensation for directors and officers of the Company, including the Chief Executive Officer, see "Statement of Executive Compensation" in this Circular.

Committees

There are six committees of the Board: The Audit Committee, the Corporate Governance Committee, the Independence Committee, the Disclosure Committee, the Investment Committee and the Compensation Committee. The Charter of the Audit Committee is set out in this Circular as Appendix "A".

The Audit Committee is responsible for reviewing in detail the Company's financial statements and financial reporting and for ensuring that management designs and implements an effective system of internal control. For further details on the Audit Committee, see "Audit Committee" below.

The Corporate Governance Committee is responsible for developing and, where appropriate, recommending to the Board a set of corporate governance principles, including a code of conduct and ethics, aimed at fostering a healthy governance culture. The Independence Committee is responsible for reviewing any related party transactions. The Disclosure Committee is responsible for public dissemination of company information. The Investment Committee is responsible for the operation and administration of the Company's portfolio. The Compensation Committee administers the employee stock option incentive plan and makes recommendations concerning salaries and incentive compensation for executive officers.

Assessments

The Board has no formal performance review procedure in place; however, the Board regularly monitors the effectiveness of the relationship between management and the Board, the effectiveness of Board operations, the operations of the committees of the Board as well as of individual directors in order to recommend improvements to each of the above.

Conflicts of Interest

Certain of the directors and officers of Fountain also serve as directors and/or officers of other companies or other managerial positions involved or related to emerging growth companies or investing in emerging growth companies. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving Fountain Asset will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of Fountain Asset and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the CBCA and other applicable laws. Activities that could give rise to conflicts of interest are prohibited unless specifically approved in advance by the Board. It is not always easy to determine whether a conflict of interest exists, so any potential conflicts of interests must be reported immediately to senior management.

AUDIT COMMITTEE

National Instrument 52-110 *Audit Committees*, ("**NI 52-110**") requires the Company to disclose annually in its management information circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set forth below.

Audit Committee Charter

The text of the audit committee's charter is attached as Appendix A to this Circular.

Composition

The Company's current audit committee consists of Morris Prychidny (Chairman), Alec Regis and Jason Ewart. On March 18, 2014, Morris Prychidny joined as Chairman of the Audit Committee at which point Alec Regis stepped down as Chairman of the Audit Committee. 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 issuer, which could, in the view of the issuer's board of directors, reasonably interfere with the exercise of the member's independent judgment. Morris Prychidny and Alec Regis are independent members of the audit committee. Jason Ewart is not considered to be independent by reason of his position as Chief Executive Officer of the Company.

Financial Literacy

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 of the Company are financially literate as that term is defined in NI 52-110. For a description of the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member, please see "Election of Directors –Director Biographies".

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 paid by the Company and its subsidiaries to Collins Barrow Toronto LLP, Chartered Accountants, for services rendered in the last two fiscal years:

	<u>2016</u>	<u>2015</u>
Audit fees	\$115,000	\$52,000
Accountancy board fees	1,402	2,215
Tax preparation and related fees	-	9,930
Prospectus review	-	14,549
Interim financial statements review	-	9,424
All other fees	-	-
Total	<u>\$116,402</u>	<u>\$88,118</u>

Notes:

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*).

SHAREHOLDER COMMUNICATION

Management is available to shareholders to respond to questions and concerns on a prompt basis. The Board believes that its communications with shareholders and others interested in the Company are responsive and effective.

Shareholders can request to receive a copy of Fountain Asset's 2016 year-end financial statements including MD&A, information circular or quarterly financial statements free of charge by mailing a request to Fountain Asset Corp., 25 Adelaide Street East Suite 1300 Toronto, ON M5C 3A1 or emailing jewart@fountainassetcorp.com, or by visiting the company's website, www.fountainassetcorp.com.

MATTERS TO BE ACTED UPON AT THE MEETING

ELECTION OF DIRECTORS

The directors of the Company are elected at each annual general meeting and hold office until the next Annual General Meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed. Management does not contemplate that any of the nominees will be unable to serve as a director. Management of the Company proposes to nominate each of the following persons for election as a director.

Unless otherwise specifically instructed, the persons named in the enclosed form of proxy intend to vote at the Meeting **FOR** the election of the nominees herein listed as directors.

Name, Municipality of Residence and Position ⁽¹⁾	Principal Occupation, Business or Employment	Director Since	Shares Beneficially Owned, Directly Or Indirectly, or Controlled Or Directed
Jason G. Ewart ^{(2) (4) (5) (7)} Cobourg, Ontario, Canada Chief Executive Officer	CEO of Fountain Asset Corp.	August 15, 2003	544,964 SVS 413,974 MVS
Alec Regis ^{(2) (3) (4) (6)} Toronto, Canada Director	Vice-President, Asset Management EPIC Investment Services Inc.	September 6, 2012	Nil
Morris Prychidny ^{(2) (5) (7)} Toronto, Ontario, Canada Director	CFO of Orion Capital Incorporated, Director of Northfield Capital Corporation, Nighthawk Gold Corp., Corporate Catalyst Acquisitions Inc.	March 18, 2014	295,000 SVS
Paul Kelly ^{(3) (4) (7)} Toronto, Ontario, Canada Director	Chief Executive Officer, Chief Financial Officer and director of Corporate Catalyst Acquisition Inc., a TSX Venture Exchange listed capital pool company	March 18, 2014	4,015,000 SVS
Cesare Fazari ^{(3) (5) (6) (7)} Toronto, Ontario, Canada Director	Co-founder of Northwoods Developments Inc.	February 6, 2012	941,666 SVS ⁽⁸⁾

Notes:

- (1) The information as to municipality of residence, principal occupation, securities beneficially owned or over which a director or officer exercises control or direction has been furnished by the respective persons individually.
- (2) Member of Audit Committee of which Morris Prychidny is the Chairman.
- (3) Member of Compensation Committee of which Alec Regis is the Chairman.
- (4) Member of the Corporate Governance Committee of which Alec Regis is the Chairman.
- (5) Member of the Disclosure Committee of which Jason Ewart is the Chairman.
- (6) Member of the Independence Committee of which Alec Regis is the Chairman.
- (7) Member of the Investment Committee of which Cesare Fazari is the Chairman.
- (8) CESFJJ Holdings Inc., a private holding company controlled by Cesare Fazari, owns 251,666 SVS.

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

- (a) is, as at the date of this Circular, or has been, within ten years before the date of this Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity,
 - (i) was the subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive, or chief financial officer; or
 - (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer, or chief financial officer;

- (b) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including the company in respect of which this Circular is being prepared) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (c) has, within the ten years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

For the purposes of this paragraph, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days.

No proposed director of the Company has been subject to any: (a) penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (b) other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Director Biographies

Jason G. Ewart

Mr. Ewart has been the Chief Executive Officer of the Company since June 2004, as well as a director since July 2003 and Chief Operating Officer up until April 2012. Mr. Ewart was a market analyst with A & E Capital Funding Inc. and Bradstone Equity Partners Inc. between 1998 and 2002 and Vice-President of Quest Investment Corporation between 2002 and 2003. He has experience with bridge financing, financial analysis, quantitative modeling, equities trading and mergers and acquisitions. Mr. Jason Ewart holds an economics degree from McGill University.

Alec Regis

Mr. Regis is presently an asset manager at EPIC Investment Services Inc. EPIC manages, on behalf of its institutional clients, multifamily real estate holdings, retail investments and purpose-built student-housing properties located in major Canadian markets, including the Greater Toronto Area, Edmonton and Montreal.

Morris Prychidny

Mr. Prychidny is a Chartered Accountant with more than 35 years of experience in the mining and real-estate industries. Mr. Prychidny brings strong portfolio management and financing expertise through his roles in a number of publicly-listed investment and mining companies. He is currently a director of Nighthawk Gold Corp., a Canadian-based exploration company focused on acquiring and developing gold mineral properties in the Northwest Territories, Canada. He is also the Chief Financial Officer and director of Orion Capital Incorporated, a Toronto-based asset management company with a focus on investing in the junior mining and real estate sectors. Mr. Prychidny is also a director and an audit committee member of Northfield Capital Corporation, a public corporation with investments in excess of \$100 million predominantly in the mineral resource sector. Additionally, he serves as a director on the board of Woodbine Downs Limited and Corporate Catalyst Acquisitions Inc. Mr. Prychidny holds a Bachelor of Economics from the University of Western Ontario.

Paul Kelly

Mr. Kelly has experience within the North American steel industry. He was the former President and Chief Executive Officer and a director of Slater Steel Inc., from May 1998 to May 2004, which was a multidivisional specialty steel company formerly listed on the Toronto Stock Exchange. Mr. Kelly was President, Chief Operating Officer and a director, from June 2004 to September 2007, of Harris Steel Group Inc., a multidivisional fabricator, manufacturer and steel trading group formerly listed on the Toronto Stock Exchange. He has experience in dealing with public markets as well as an extensive background in M&A and financial structuring. Mr. Kelly is also the Chief Executive Officer, Chief Financial Officer and a director of Corporate Catalyst Acquisition Inc., a TSX Venture Exchange-listed capital pool company. Mr. Kelly obtained a B.A. degree in Economics from the University of Toronto.

Cesare Fazari

Based in Toronto, Mr. Fazari is a co-founder of Northwood Developments Inc., a diversified commercial construction company that has been operating in the greater Toronto area since 1991.

Record of Attendance

The following table summarizes the attendance of each director for Board meetings during the fiscal year ended December 31, 2016.

	Board (4 meetings)
Jason G. Ewart	4 of 4
Cesare Fazari	3 of 4
Alec Regis	4 of 4
Morris Prychidny	4 of 4
Paul Kelly	4 of 4

STATEMENT OF EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

The executive compensation strategy is designed to encourage, compensate and reward employees on the basis of individual and corporate performance, both in the short and long term aligned with the interests of the Company's shareholders.

The Compensation Committee is responsible for establishing, reviewing and making recommendations to the Board concerning the overall compensation policies for the Chief Executive Officer (CEO), Chief Operating Officer/Chief Financial Officer (COO/CFO) and other key executives of the Company. For executives other than the CEO, the CEO makes compensation recommendations to the Compensation Committee. The Compensation Committee evaluates the Chief Executive Officer's performance and, based on its evaluation, reviews and makes recommendations to the Board with respect to all direct and indirect compensation, benefits and perquisites (cash and non-cash) for the Chief Executive Officer based on such evaluation. In determining the Chief Executive Officer's compensation, the Compensation Committee considers the terms of his employment contract with the Company and may additionally consider a number of other factors, including the Company's performance, the value of similar incentive awards to chief executive officers at comparable companies, the awards given to the Chief Executive Officer in past years and other factors it considers relevant. The Compensation Committee also reviews and makes recommendations to the Board with respect to compensation, benefits and perquisites for all other senior officers of the Company, incentive compensation and equity based plans, and policies regarding management benefits and perquisites. The Company does not engage an outside consulting firm to provide executive compensation consulting. There is no regulatory oversight of the Company's compensation process for the Company's executive officers. The Company did not use any specific benchmarks for determining the executive officer compensation.

The objectives of the Company's executive compensation strategy are to:

1. Attract and retain talented and effective individuals to assume responsibility for those functions that are critical to the Company's success;
2. Encourage and recognize high levels of performance by linking incentive compensation to the Company's profitability;
3. Link compensation to the achievement of the Company's strategic objectives of growth and the enhancement of shareholder value; and
4. Encourage retention of key executives for leadership succession.

The compensation program is comprised of the following elements:

- Base salary,
- Option-based awards,
- Non-Equity Incentive Plan, and
- All other compensation.

The elements of compensation for the executive officers of the Company during the financial year ended December 31, 2016 included base salaries and company-wide employee health and welfare benefits (including medical and dental). The Company's executive compensation structure is designed to encourage and motivate executives to achieve high levels of performance, both individually and for the Company, particularly over the medium-to-long term. An executive's overall compensation package in any given year will reflect the functions being performed, and his or her overall contribution to the organization, capacity to improve the Company's financial performance, enthusiasm and loyalty, and ability to create (or help to create) value for the benefit of the Company's shareholders. The Compensation Committee believes that the base salary component provides a measure of certainty and predictability to meet certain living and other financial commitments and, together with the cash bonus component, motivates executives in the short-to-medium term, while stock option grants align their interests with those of the Company's shareholders and assist in keeping the Company competitive in attracting and retaining high quality executives.

Salary

Amounts paid to an executive officer as base salary, including merit salary increases, are determined by reference to the individual's performance and salaries prevailing in the marketplace for comparable positions. The base salary of each executive officer is reviewed as required. Salary adjustments take into consideration the general level of salaries in the marketplace for comparable positions, the performance of the executive and the Company's performance.

Share Based Awards

At this time, the Company does not have any Share-based Awards compensation program.

Options Based Awards

Stock options granted under the Plan are designed to give each optionee an interest in preserving and maximizing shareholder value in the longer term by linking compensation to the share price of the Company's shares. The Compensation Committee has the sole discretion to determine the key employees to whom it recommends that grants be made and to determine the number of the options

forming part of such grant. The Compensation Committee presents these recommendations to the Board for modification or approval. The Company did not issue any options to NEOs in 2016.

The Plan was last approved by the shareholders of the Company on August 5, 2016, allows the Company to grant options to purchase up to such number of shares which together with all the Company's then outstanding options will not exceed 10% of the issued and outstanding SVS of the Company from time to time.

For more information on the Plan, see "Particulars of Other Matters To Be Acted Upon - Stock Option Plan – Approval Of Rolling Stock Option Plan".

Non-Equity Incentive Plan

Fountain Asset has established a Non-Equity Incentive Plan that focuses on providing annual incentive to the executive team. At this time there is a Short-Term incentive plan (Annual Incentive Plan) but there is no Long-term incentive plan.

The Annual Incentive Plan is in the form of a management bonus agreement ("**Management Bonus Agreement**"), which serves as an incentive for performance (whereby performance is measured by reference to Fountain Asset's financial performance) of the Company's management. The Management Bonus Agreement states that Fountain Asset's management receives a bonus pool of 20% of pre-tax profits of Fountain Asset in excess of 150% of the compound yield on the Canadian 10 Year Bond rate, which means that to qualify, management must obtain a return on investment equal to at least 7.5% (being one and one-half times an initial hurdle rate of 5% yielded by the Canadian 10 Year Bond Rate). The hurdle rate to qualify for the bonus pool shall vary in proportion to the yield on the Canadian 10 Year Bond Rate, but for the purpose of calculation the Canadian 10 Year Bond Rate shall not be deemed to go below 5% (which is called a "collar") and management shall not be held to a return in excess of 10% (which is called a "ceiling") before qualifying for the bonus pool, irrespective of the Canadian 10 Year Bond Rate. The bonus pool is calculated and payable on a semi-annual basis. The provisions of such Management Bonus Agreement are incorporated in the employment agreement between the Company and Jason Ewart.

Pension

At this time, the Company does not include a pension component to its compensation plan.

Other Compensation

All other compensation is reviewed and approved by the Compensation Committee on an individual basis to recognize and reward members of the executive team for going above and beyond their employment contract to increase the value of the Company.

Executive Compensation for the Year Ended December 31, 2016

The Company has a salary compensation program to ensure it has access to executives with the skills needed to manage the Company's business interests and assets and to ensure the Company has access to the capital it needs. The Company has an employment or consulting agreement with each of Jason Ewart and David Darakjian. Jason Ewart has an annual compensation of \$200,000 and David Darakjian has an annual compensation of \$151,000. Jason Ewart's employment agreement has clauses typical of such agreements in respect of termination, including termination for cause. In the event of termination without cause Fountain Asset will pay to Jason Ewart an amount equal to one and one-half times the employee's then current annual salary, in addition to all other sums, which may be due to the employee.

The foregoing Report on Executive Compensation is submitted by the Compensation Committee.

Summary Compensation Table

In this Circular, a Named Executive Officer (“NEO”) means: (a) the Company’s Chief Executive Officer; (b) the Company’s Chief Financial Officer; (c) the Company’s three other most highly compensated executive officers at the end of the financial year ended December 31, 2016 whose total compensation was, individually, more than \$150,000; and (d) each individual who would be an NEO but for the fact that the individual was neither an executive officer of the Corporation, nor serving in a similar capacity, at the end of the financial year ended December 31, 2016. Based on the foregoing, Jason Ewart and David Darakjian were the only NEOs of the Company as at December 31, 2016.

Name and Principal Position	Year	Salary (\$)	Share-based Awards (\$)	Option-based Awards (\$) ^(v)	Non-Equity Incentive Plan Compensation		Pension value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Jason Ewart (CEO)	2016	200,000	Nil	Nil	Nil	Nil	Nil	Nil	200,000
	2015	192,000	Nil	113,167	Nil	Nil	Nil	Nil	305,167
	2014	150,000	Nil	Nil	Nil	Nil	Nil	Nil	150,000
	2013	150,000	Nil	17,500	Nil	Nil	Nil	Nil	167,500
David Darakjian (CFO) ⁽ⁱ⁾	2016	151,000	Nil		Nil	Nil	Nil	Nil	151,000
	2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

- (i) Mr. Darakjian was appointed as interim CFO on December 9, 2016. Prior to this Mr. Darakjian was the controller at Fountain since 2014.
- (ii) The Company has adopted fair value accounting for options granted under the Plan using the Black-Scholes fair value option pricing method, an established methodology. The key assumptions made in the valuation of the awards set out in the above table for fiscal 2016 were as follows: (i) risk-free interest rate: 0.73%; (ii) expected option life: 5 years; (iii) dividend yield: 0%; and (iv) expected volatility: 80%.

INCENTIVE PLAN AWARDS

Outstanding Share-Based Awards and Option-Based Awards

The table below represents outstanding option-based awards as of December 31, 2016.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiry date	Value of unexercised in-the-money options (net of option exercise price) ⁽ⁱ⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Jason Ewart (CEO)	125,000	0.20	May 2018	31,250	Nil	Nil
	125,000	0.40	May 2018	Nil	Nil	Nil
	750,000	0.47	April 2020	Nil	562,500	85,026

(i) The closing price of the SVS on the Exchange on December 31, 2016 was \$0.28 per share.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth all incentive plan awards in which the value vested or was earned during the financial year ended December 31, 2016 for each NEO.

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Jason Ewart	Nil	Nil	Nil
David Darakjian	Nil	Nil	Nil

Narrative Discussion

The Plan, which was last approved by the shareholders of the Company on August 5, 2016, allows the Company to grant options to purchase up to such number of SVS which together with all the Company's then outstanding options will not exceed 10% of the issued and outstanding SVS of the Company from time to time. The Plan is administered by the Compensation Committee of the Board.

The Company has no pension plan benefits, defined contribution plans or deferred compensation plans. The company has a group health plan, which provides coverage for all staff, and includes medical and dental benefits.

TERMINATION AND CHANGE OF CONTROL BENEFITS

The Company has an employment agreement with Jason Ewart for C.E.O. services whereby he is compensated at the rate of \$200,000 annually. The agreement with Jason Ewart has clauses typical of such agreements in respect of termination, including termination for cause. In the event of termination without cause Fountain Asset will pay to Jason Ewart an amount equal to one and one-half times the employee's then current annual salary, in addition to all other sums, which may be due to the employee.

Name	Termination Event	Estimated Incremental Payment			
		Severance	Option based awards	Other	Total
Jason Ewart	By Company for just cause	Nil	Nil	Nil	Nil
	By Company without just cause	\$300,000	Nil	Nil	\$300,000
	By Jason Ewart	Nil	Nil	Nil	Nil
	By Company following change of control	\$300,000	Nil	Nil	\$300,000

COMPENSATION OF DIRECTORS

During the year 2016 the Company had no standard arrangement pursuant to which directors are compensated for their services as directors, except for the granting from time to time of incentive stock options under the Plan. Directors are entitled to be reimbursed for their out-of-pocket expenses incurred in connection with their duties as directors. During the year 2016, the following was paid or payable to members of the Board (other than the NEOs). For information regarding Jason and David Darakjian, the management of the Company, please refer to "Statement of Executive Compensation – Summary Compensation Table" above.

Name	Fees earned	Share-based Awards	Option-based Awards (net of option exercise price) (\$) ⁽ⁱ⁾	Non-equity incentive plan compensation	Pension value	All Other Compensation	Total
	(\$)	(\$)	(\$) ⁽ⁱ⁾	(\$)	(\$)	(\$)	(\$)
Cesare Fazari	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Alec Regis	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Morris Prychidny	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Paul Kelly	n/a	n/a	n/a	n/a	n/a	n/a	n/a

The table below represents outstanding option-based awards to directors as of December 31, 2016.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options	Option exercise price	Option expiry date	Value of unexercised in-the-money options (net of option exercise price)	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested
	(#)	(\$)		(\$)	(#)	(\$)
Alec Regis	115,000	0.20	May 28, 2023	11,500	-	-
Morris Prychidny	115,000	0.40	June 5, 2019	-	-	-
Paul Kelly	115,000	0.40	June 5, 2019	-	-	-

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth as of December 31, 2016 the number of securities issuable upon exercise of outstanding options, the weighted exercise price of such outstanding options and the number of securities remaining available for future issuance under all equity plans previously approved by the Company's shareholders and all equity plans not approved by the Company's shareholders. The only equity compensation plan of the Plan.

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 security holders	1,465,000	\$0.38	3,950,446

The Plan, which was last approved by the shareholders of the Company on August 5, 2016, allows the Company to grant options to purchase up to such number of shares which together with all the Company's then outstanding options will not exceed 10% of the issued and outstanding SVS of the Company from time to time. The Plan is administered by the Compensation Committee of the Board of Directors of the Company. As at December 31, 2016, ten percent (10%) of the issued and outstanding SVS is 5,415,446 shares.

The Compensation Committee may from time to time designate individuals to whom options to purchase shares of the capital stock of the Company may be granted and the number of shares to be optioned to each. The option price per share which is the subject of any option shall be fixed by the Board when such option is granted. The option price can be discounted according to the rules of the Exchange at the time the option is granted. The period during which an option is exercisable shall not exceed ten years from the date the option is granted. The options may not be assigned, transferred or pledged. Subject to any grace period allowed under the policies of the Exchange, the options will expire upon the termination of the employment or office with the Company or death of an individual. The total number of shares to be optioned to any one individual cannot exceed five percent of the total of the issued and outstanding SVS.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as set out in this Circular, no informed person of the Company, any proposed director of the Company, or no associate or affiliate of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's last completed financial year, or in any proposed transaction, which in either such case has materially affected or will materially affect the Company.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Stock Option Plan – Approval of Rolling Stock Option Plan

The Company has established the Plan to provide long term incentives to eligible directors, officers, employees and consultants of the Company. See "Securities Authorized for Issuance under Equity Compensation Plans" for more information concerning the Plan and the terms of the options granted thereunder.

Pursuant to Exchange Policy 4.4 – "Incentive Stock Options", a listed corporation is required to obtain the approval of its shareholders for a "rolling" stock option plan at each annual meeting of shareholders. The Plan is a "rolling" stock option plan as the aggregate number of common shares of the Company reserved for issuance upon the exercise of the options pursuant to the Plan is such number of SVS as is equal to 10% of the total number of SVS issued and outstanding from time to time. Accordingly, the shareholders of the Company will be asked to approve the following resolution (the "Option Plan Resolution") at the Meeting:

"BE IT RESOLVED THAT:

1. the Company's stock option plan (the "Plan"), as described under the heading "Securities Authorized for Issuance under Equity Compensation Plans" in the Management Information Circular of the Corporation dated June ●, 2017, be and it is hereby approved and re-confirmed, including the reservation for issuance under the Plan at any time of a maximum of 10% of the then issued and outstanding subordinate voting shares of the Company, in accordance with the policies of the TSX

Venture Exchange; and

2. any director or officer of the Company be authorized and directed to make all such filings, perform all such acts and deeds and things and execute, under seal of the Company or otherwise, all such documents, agreements and other writings as may be required to give effect to this resolution.”

The Board recommends that shareholders vote FOR the approval of the Option Plan Resolution. Unless the shareholder directs that his or her shares are to be voted against the approval of the Option Plan Resolution, the persons named in the enclosed form of proxy intend to vote FOR the approval of the Option Plan Resolution. A majority of votes cast by the shareholders at the Meeting is required for the approval of the Option Plan Resolution.

The resolution must be approved by at least two-thirds of the votes cast by the Shareholders present in person or voting by proxy at the Meeting in order for it to be adopted.

Appointment of Auditors

At the Meeting, it is proposed that Collins Barrow Toronto LLP be re-appointed as auditors of the Company to hold office until the next annual meeting of shareholders at remuneration to be fixed by the Board. Collins Barrow Toronto LLP was originally appointed December 10, 2012.

The Board recommends that shareholders vote FOR the re-appointment of Collins Barrow Toronto LLP as auditors of the Company and to authorize the Board to fix the remuneration of the auditors. Unless the shareholder directs that his or her shares are to be withheld from voting in connection with the appointment of auditors, the persons named in the enclosed form of proxy will vote FOR the re-appointment of Collins Barrow Toronto LLP as auditors of the Company and to authorize the Board to fix the remuneration of the auditors. A majority of the votes cast by shareholders at the Meeting is required to approve the appointment of auditors and to authorize the directors to fix the remuneration of the auditors.

MANAGEMENT CONTRACTS

There are no management functions of the Company that are to any substantial degree performed other than by the directors and executive officers of the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com. Shareholders may contact the Company at 25 Adelaide Street East, suite 1300, Toronto, Ontario, M5C 3A1, or call 416 488-7760, to request copies of the Company's financial statements and management discussion and analysis or access them at www.fountainassetcorp.com. Financial information with respect to the Company is provided in the Company's comparative financial statements for the year ended December 31, 2016 as well as its Management Discussion and Analysis.

APPROVAL BY DIRECTORS

This Information Circular and the mailing of same to shareholders have been approved by the Board of Directors of the Company.

BY ORDER OF THE BOARD OF DIRECTORS

Dated June 30, 2017

“Jason G. Ewart” (signed)

Jason G. Ewart
Chief Executive Officer

**APPENDIX A
AUDIT COMMITTEE CHARTER**

**FOUNTAIN ASSET CORP.
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS
CHARTER**

I. PURPOSE

The Audit Committee is a committee of the Board of Directors. The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by:

- reviewing the financial reports and other financial information provided by the Company to any governmental body or the public and other relevant documents;
- recommending the appointment and reviewing and appraising the audit efforts of the Company's independent auditor and providing an open avenue of communication among the independent auditor, financial and senior management and the Board of Directors;
- serving as an independent and objective party to monitor the Company's financial reporting process and internal controls, the Company's processes to manage business and financial risk, and its compliance with legal, ethical and regulatory requirements;
- encouraging continuous improvement of, and fostering adherence to, the Company's policies, procedures and practices at all levels.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section III of this Charter.

II. COMPOSITION AND MEETINGS

The Audit Committee shall be comprised of three or more directors as determined by the Board, the majority of whom shall be independent directors, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. All members of the Committee shall have a working familiarity with basic finance and accounting practices, and at least one member of the Committee shall have accounting or related financial management expertise. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant.

The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board or until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

The Committee shall meet at least four times annually, or more frequently as circumstances require. The Committee shall meet within sixty (60) days following the end of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related Management Discussion & Analysis and shall meet within 120 days following the end of the fiscal year end to review and discuss the audited financial results for the year and related Management Discussion & Analysis.

The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their audit related duties, members of the Committee shall have full access to all corporate information and shall be permitted to discuss such information and any other matters relating to the financial position of the Company with senior employees, officers and independent auditors of the Company.

As part of its job to foster open communication, the Committee should meet at least annually with management and the independent auditor in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee or at least its Chair should meet with the independent auditor and management at least annually to review the Company's financial statements.

Quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Committee or such greater number as the Audit Committee shall by resolution determine.

Meetings of the Audit Committee shall be held from time to time and at such place as the Audit Committee or the Chairman of the Committee shall determine upon 48 hours notice to each of members. The notice period may be waived by a quorum of the Committee. Each

of the Chairman of the Committee, members of the Committee, Chairman of the Board, independent auditors, Chief Executive Officer, Chief Financial Officer or Secretary shall be entitled to request that the Chairman of the Audit Committee call a meeting which shall be held within 48 hours of receipt of such request.

III. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Audit Committee shall:

1. Create an agenda for the ensuing year.
2. Review and update this Charter at least annually, as conditions dictate.
3. Describe briefly in the Company's annual report and more fully in the Company's Management Information Circular the Committee's composition and responsibilities and how they were discharged.
4. Submit the minutes of all meetings of the audit committee to the Board of Directors.

Documents/Reports Review

5. Review the organization's annual financial statements and any reports or other financial information submitted to any governmental or regulatory body, or the public, including any certification, report, opinion, or review rendered by the independent auditor.
6. Review policies and procedures with respect to directors' and officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the independent auditor, based on terms of reference agreed upon by the independent auditor and the Audit Committee.
7. Review with financial management and the independent auditor any filings with regulatory bodies such as securities commissions prior to filing or prior to the release of earnings. The Chair of the Committee may represent the entire Committee for purposes of this review.

Independent Auditor

8. Recommend to the Board of Directors the selection of the independent auditor, considering independence and effectiveness and approve the fees and other compensation to be paid to the independent auditor. Instruct the independent auditor that the Board of Directors, as the shareholders' representative is the independent auditor's client.
9. Monitor the relationship between management and the independent auditor including reviewing any management letters or other reports of the independent auditor and discussing any material differences of opinion between management and the independent auditor.
10. Review and discuss, on an annual basis, with the independent auditor all significant relationships they have with the Company to determine their independence.
11. Review and approve requests for any management consulting engagement to be performed by the independent auditor and be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter and related fees.
12. Review the performance of the independent auditor and approve any proposed discharge of the independent auditor when circumstances warrant. Consider with management and the independent auditor the rationale for employing accounting/auditing firms other than the principal independent auditor.
13. Periodically consult with the independent auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.
14. Arrange for the independent auditor to be available to the Audit Committee and the full Board of Directors as needed.

Financial Reporting Processes

15. In consultation with the independent auditor review the integrity of the organization's financial reporting processes, both internal and external.
16. Consider the independent auditor's judgments about the quality and appropriateness, not just the acceptability, of the Company's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices or are minority practices.
17. Consider and approve, if appropriate, major changes to the Company's accounting principles and practices as suggested by management with the concurrence of the independent auditor and ensure that the accountants' reasoning is described in determining the appropriateness of changes in accounting principles and disclosure.

Process Improvement

18. Establish regular and separate systems of reporting to the Audit Committee by each of management and the independent auditor regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
19. Review the scope and plans of the independent auditor's audit and reviews prior to the audit and reviews being conducted. The Committee may authorize the independent auditor to perform supplemental reviews or audits as the Committee may deem desirable.
20. Following completion of the annual audit and quarterly reviews, review separately with each of management and the independent auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and reviews, including any restrictions on the scope of work or access to required information and the cooperation that the independent auditor received during the course of the audit and reviews.
21. Review any significant disagreements among management and the independent auditor in connection with the preparation of the financial statements.
22. Where there are significant unsettled issues the Committee shall ensure that there is an agreed course of action for the resolution of such matters.
23. Review with the independent auditor and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.
24. Review activities, organizational structure, and qualifications of the chief financial officer and the staff in the financial reporting area and see to it that matters related to succession planning within the company are raised for consideration at the full Board of Directors.

Ethical and Legal Compliance

25. Review and update periodically a Code of Ethical Conduct and ensure that management has established a system to enforce this Code. Review through appropriate actions taken to ensure compliance with the Code of Ethical Conduct and to review the results of confirmations and violations of such Code.
26. Review management's monitoring of the Company's system in place to ensure that the Company's financial statements, reports and other financial information disseminated to governmental organizations, and the public satisfy legal requirements.
27. Review, with the organization's counsel, legal and regulatory compliance matters, including corporate securities trading policies, and matters that could have a significant impact on the organization's financial statements.

Risk Management

28. Review management's program of risk assessment and steps taken to address significant risks or exposures, including insurance coverage.

General

29. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The committee shall be empowered to retain independent counsel, accountants and other professionals to assist it in the conduct of any investigation.
30. Perform any other activities consistent with this Charter, the Company's By-laws and governing law, as the Committee or the Board deems necessary or appropriate.

Notwithstanding the foregoing and subject to applicable law, the Committee shall not be responsible to plan or conduct internal or external audits or to determine that the Company's financial statements are in accordance with generally accepted accounting principles as these are the responsibility of management and the independent auditor. Nothing contained in this Charter is intended to require the Committee to ensure the Company's compliance with applicable laws or regulations.

