

**IEMR RESOURCES INC.**  
**1300 – 1500 West Georgia Street**  
**Vancouver, British Columbia V6G 2Z6**

**2018  
ANNUAL  
GENERAL  
MEETING**

Notice of Annual General Meeting of Shareholders  
Management Information Circular

**Place:** Boughton Law Corporation  
#700 – 595 Burrard Street  
Vancouver, British Columbia V7X 1S8

**Date:** Wednesday, August 15, 2018

**Time:** 10:00 a.m. (Vancouver time)

## IEMR RESOURCES INC.

### CORPORATE INFORMATION

#### Head Office

1300 – 1500 West Georgia Street  
Vancouver, British Columbia V6G 2Z6

#### Directors and Officers

Charles Yuen, Chief Executive Officer & Director

Zheng Fu, President, Chief Financial Officer, Corporate  
Secretary & Director

Natalie Ni Shi, Director

#### Registrar and Transfer Agent

Computershare Investor Services Inc.  
3<sup>rd</sup> Floor, 510 Burrard Street  
Vancouver, British Columbia V6C 3B9

#### Legal Counsel

Boughton Law Corporation  
#700 – 595 Burrard Street  
Vancouver, British Columbia V7X 1S8

#### Auditor

Manning Elliott LLP  
1100 – 1050 West Pender Street  
Vancouver, British Columbia V6E 3S7

#### Listing

TSX Venture Exchange

Symbol "IRI"

## IEMR RESOURCES INC.

1300 – 1500 West Georgia Street, Vancouver, British Columbia V6G 2Z6  
Telephone: 1-800 667-0873 (Toll-Free within Canada & USA) or (778) 375-3223  
<http://www.iemr.ca/>

### NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON AUGUST 15, 2018

**NOTICE IS GIVEN** that IEMR Resources Inc. (the "**Company**" or "**we**") will be holding its Annual General Meeting of shareholders (the "**Meeting**") on **Wednesday, August 15, 2018 ("Meeting Date") at 10:00 a.m. (Vancouver time)** at Boughton Law Corporation, #700 – 595 Burrard Street, Vancouver, British Columbia, V7X 1S8 for the following purposes:

1. To receive the Company's audited financial statements for the financial year ended October 31, 2017 (with comparative statements relating to the 2016 financial year) together with the auditor's report on the financial statements and the corresponding management's discussion and analysis. **For detailed information regarding this matter, please refer to the section in the Information Circular under the heading "ADDITIONAL INFORMATION".**
2. To fix the number of directors at three (3). **For detailed information regarding this matter, please refer to the section in the Information Circular under the heading "NUMBER OF DIRECTORS".**
3. To elect directors. **For detailed information regarding this matter, please refer to the section in the Information Circular under the heading "ELECTION OF DIRECTORS".**
4. To re-appoint the Company's auditor and to authorize the Board of Directors to fix the auditor's remuneration. **For detailed information regarding this matter, please refer to the section in the Information Circular under the heading "APPOINTMENT OF AUDITOR".**
5. To approve the Company's 10% rolling stock option plan and reserve for the grant of options of up to 10% of the Company's issued and outstanding shares at the time of any stock option grant. **For detailed information regarding this matter, please refer to the section in the Information Circular under the heading "PARTICULARS OF MATTERS TO BE ACTED UPON - Approval of Stock Option Plan".**
6. To transact additional or other business that may properly come before the Meeting or any adjournment of the Meeting.

**We urge shareholders to review the Information Circular before voting.**

**PLEASE NOTE – YOU CANNOT VOTE BY RETURNING THIS NOTICE.** To vote your common shares you must vote online, by telephone or by mailing the enclosed proxy or other suitable form of proxy or a Voting Instruction Form, which we must receive before 10:00 a.m. (Vancouver time) on Monday, August 13, 2018 or before 10:00 a.m. on the date that is two business days in Vancouver, British Columbia before the date to which the Meeting is postponed or adjourned.

#### **Accessing the Information Circular Online**

The Information Circular (and the financial statement request card) can be viewed online under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

## **Registered Shareholders**

Every registered shareholder at the close of business on July 11, 2018, is entitled to receive notice of, and to vote their common shares at the Meeting. Registered shareholders who are unable to attend the Meeting in person and who wish to ensure that their common shares will be voted at the Meeting must complete, sign and deliver the enclosed form of proxy c/o Proxy Dept., Computershare Investor Services Inc., 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1. In order to be valid and acted upon at the Meeting, forms of proxy must be received not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment of the Meeting. More detailed instructions regarding voting by proxy are provided in the accompanying form of proxy and in the Information Circular.

## **Beneficial Shareholders**

Shareholders may beneficially own their common shares through a broker, another intermediary or an agent of that broker or intermediary ("**Beneficial Shareholders**"). Unless they receive specific instructions, intermediaries are prohibited from voting shares for their clients. **If you are a Beneficial Shareholder, it is vital that you return the Voting Instruction Form provided to you by your broker, intermediary or its agent according to their instructions, well before the deadline specified by the broker, intermediary or its agent, to ensure that they are able to provide voting instructions on your behalf.**

Dated at Vancouver, British Columbia this 12<sup>th</sup> day of July, 2018.

By Order of the Board of Directors

*(signed) "Charles Yuen"*

Charles Yuen

Interim Chief Executive Officer

**IEMR RESOURCES INC.**  
**1300 – 1500 West Georgia Street, Vancouver, BC V6G 2Z6**  
Toll Free 1-800 667-0873 within Canada & USA  
778-375-3223 outside Canada & USA

**INFORMATION CIRCULAR**

(Containing information as at July 11, 2018 unless indicated otherwise)

**This Information Circular (the "Information Circular") is furnished in connection with the solicitation of proxies by the management of IEMR Resources Inc. for use at the annual general meeting of our shareholders (the "Meeting") to be held on Wednesday, August 15, 2018 at the time and place and for the purposes described in the Notice of the Meeting.**

In this Information Circular, references to **"the Company"**, **"we"**, **"us"** and **"our"** refer to IEMR Resources Inc. **"Common Shares"** means common shares without par value in the capital of the Company. **"Registered Shareholders"** means shareholders whose names appear on the Company's records as the registered holders of Common Shares. **"Beneficial Shareholders"** means shareholders who do not hold Common Shares in their own name. **"Intermediaries"** refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

**GENERAL PROXY INFORMATION**

**Solicitation of Proxies**

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by our directors, officers and regular employees at nominal cost. We will bear all costs of this solicitation. We have arranged for intermediaries to forward the proxy-related materials to our Beneficial Shareholders and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

**Appointment of Proxyholders**

The individuals named in the accompanying form of proxy (the **"Proxy"**) are our officers and/or directors. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you and on your behalf at the meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.** If your Common Shares are held in physical form (i.e. paper form) and are registered in your name, then you are a Registered Shareholder. However, if, like most shareholders, you keep your Common Shares in a brokerage account, then you are a Beneficial Shareholder. The manner for voting is different for Registered Shareholders and Beneficial Shareholders. The instructions below should be read carefully by all shareholders.

**Voting by Proxyholder**

The persons named in the Proxy will vote or withhold from voting the Common Shares represented by the Proxy in accordance with your instructions on any ballot that may be called for. If you specify a choice regarding any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy gives discretionary authority to the persons named as proxyholders in the Proxy, regarding the following:

- (a) each matter identified in the Proxy for which a choice is not specified, other than the appointment of an auditor and the election of directors,
- (b) any amendment to or variation of any matter identified in the Proxy, and
- (c) any other matter that properly comes before the Meeting.

**If a choice is not specified or where both choices have been specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy in favour of such matter.**

### **Registered Shareholders**

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by:

- (a) **completing, dating and signing the Proxy that accompanies this Information Circular or another suitable form of Proxy and returning it to our transfer agent, Computershare Investor Services Inc. ("Computershare") by mail or by hand to the 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1;**
- (b) **using a touch-tone phone to transmit voting choices to the following toll-free number 1-866-734-8683. Registered Shareholders must follow the instructions of the voice response system and refer to the form of Proxy for the holder's account number and the proxy control number; or**
- (c) **using the Internet through the website of the Company's transfer agent at [www.investorvote.com](http://www.investorvote.com). Registered Shareholders must follow the instructions that appear on the screen and refer to the form of Proxy for the holder's account number and the proxy control number.**

**It is critical that we receive your proxy or your telephone or Internet votes at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or any adjournment of the Meeting.**

### **Beneficial Shareholders**

The following information is of significant importance to shareholders who do not hold Common Shares in their own name. If your Common Shares are listed in an account statement provided to you by a broker, then in almost all cases your Common Shares will not be registered in your name on the records of the Company. Your Common Shares will more likely be registered under the name of your broker or an agent of that broker. In the United States, the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from Beneficial Shareholders before shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders. In order to vote their Common Shares, Beneficial Shareholders must follow the procedures provided by the intermediaries.

There are two kinds of Beneficial Shareholders - those who object to their name being made known to us (called "**OBOs**" for "**Objecting Beneficial Owners**") and those who do not object to us knowing who they are (called "**NOBOs**" for "**Non-Objecting Beneficial Owners**").

We are taking advantage of the provisions of National Instrument 54-101 that permit us to directly deliver proxy-related materials to our NOBOs. As a result NOBOs can expect to receive a scannable Voting Instruction Form (a "**VIF**") from our transfer agent, Computershare. These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and Internet voting as described on the VIF itself which contains complete instructions. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting regarding the Common Shares represented by the VIFs they receive.

These proxy-related materials are being sent to both Registered Shareholders and Beneficial Shareholders of the Company. If you are a Beneficial Shareholder, and the Company or our agent has sent these materials directly to you, your name and address and information about your holdings of Common Shares, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding Common Shares on your behalf.

By choosing to send these materials to you directly, we (and not the intermediary holding Common Shares on your behalf) have assumed responsibility for (i) delivering these materials to you, and (ii) carrying out your proper voting instructions. Please return your voting instructions as specified in your request for voting instructions.

Beneficial Shareholders who are OBOs should carefully follow the instructions of your intermediary to ensure that your Common Shares are voted at the Meeting.

The form of VIF supplied to you by your broker will be similar to the Proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in the United States and in Canada. Broadridge mails a similar VIF (the "**Broadridge VIF**") instead of the Proxy provided by the Company. The Broadridge VIF will appoint the same persons as the Company's Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder), other than the persons designated in the Broadridge VIF, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the Broadridge VIF. The completed Broadridge VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the Internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions for the voting of Common Shares to be represented at the Meeting. **If you receive a Broadridge VIF, you cannot use it to vote Common Shares directly at the Meeting – the Broadridge VIF must be completed and returned to Broadridge, in accordance with its instructions, well before the Meeting in order to have the Common Shares voted.**

Although as a Beneficial Shareholder you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your broker, you, or a person designated by you, may attend at the Meeting as proxyholder for your broker and vote your Common Shares in that capacity. **If you wish to attend at the Meeting and indirectly vote your Common Shares as proxyholder for your broker, or have a person designated by you do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the VIF provided to you and return it to your broker in accordance with the instructions provided by such broker, well in advance of the Meeting.**

Alternatively, you can request in writing that your broker send you a legal proxy that would enable you, or a person designated by you, to attend at the Meeting and vote your Common Shares.

### **Revocation of Proxies**

In addition to revocation in any other manner permitted by law, a Registered Shareholder who has given a proxy may revoke it by signing a proxy bearing a later date or by signing a valid notice of revocation, either of the foregoing to be signed by the Registered Shareholder or the Registered Shareholder's authorized attorney in writing, or, if the shareholder is a corporation, by an authorized officer or attorney, and by delivering the proxy bearing a later date to Computershare or at the address of our legal counsel at Suite 700, Bentall 3, 595 Burrard Street, Vancouver, British Columbia, V7X 1S8, at any time up to and including the last business day before the day of the Meeting or, if the Meeting is adjourned, the last business day before the day the Meeting is reconvened, or to the chairman of the Meeting on the day of the Meeting or any date on which the Meeting is reconvened.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

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

None of our directors or executive officers, nor any person who has held such a position since the beginning of our last completed financial year end, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors and as may be set out in this Information Circular. Directors and executive officers may, however, be interested in the annual shareholder approval of our stock option plan as detailed in "*Particulars of Matters to be Acted Upon – Stock Option Plan*".

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

Our board of directors (the "**Board**") has set Wednesday, July 11, 2018 as the record date (the "**Record Date**") for determining the shareholders who are entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner described above will be entitled to vote or to have their Common Shares voted at the Meeting.

As of July 11, 2018, there were 94,807,141 Common Shares issued and outstanding, each carrying the right to one vote.

On a show of hands, every individual who is present at the Meeting and is entitled to vote will have one vote, and on a poll, every shareholder present in person or represented by a proxy and every person who is a representative of one or more corporate shareholders, will have one vote for each Common Share held by such shareholder.

To the knowledge of our directors and executive officers, the following persons or corporations beneficially own, directly or indirectly, or exercise control or direction over, Common Shares carrying 10% or more of the issued and outstanding Common Shares as at July 11, 2018:

<u>Name</u>	<u>No. of Shares held</u>	<u>Percentage</u>
Zheng Fu	64,440,857 <sup>(1)</sup>	63.70%
International Energy & Mineral Resources Investment (Hong Kong) Company Limited (" <b>IEMR HK</b> ")	16,392,000 <sup>(2)</sup>	17.29%

**Notes:**

- (1) These 64,440,857 Common Shares include 64,302,857 Common Shares owned by Zheng Fu through IEMR Group Limited, a private company that he owns 100%.
- (2) IEMR HK is a private company owned by Hongxue Fu, former CEO of the Company, and his wife.

### **VOTES NECESSARY TO PASS RESOLUTIONS**

A simple majority (more than 50%) of affirmative votes cast at the Meeting is required to pass the resolutions described in this Information Circular. If there are more nominees for election as directors or appointment of our auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected by acclamation.

### **NUMBER OF DIRECTORS**

Our directors are elected for a term of one year. The term of office of each of the nominees proposed for election as a director will expire at the Meeting, and each of them, if elected, will serve until the close of the next annual general meeting, unless he resigns or otherwise vacates office before that time. The current number of directors is set at three (3). The Board proposes that the number of directors be set at three (3). Shareholders will therefore be asked to approve an ordinary resolution that the number of directors elected be fixed at three (3).

### **ELECTION OF DIRECTORS**

The term of office of each of the current directors expires at the end of the Meeting. Unless a director resigns or retires or is removed from officer earlier in accordance with the provisions of the *Business Corporations Act* (British Columbia) ("**BCBCA**"), each director elected will hold office until the end of our next annual general meeting, or if no director is then elected, until a successor is elected.

The following table sets out the names of management's nominees for election as a director (a "**proposed director**"), the province or state and country in which he/she is an ordinarily resident, all major offices and positions held with the Company, each nominee's principal occupation, business or employment, the period of time during which each has been a director of the Company, and the number of Common Shares beneficially owned by each, directly or indirectly, or over which each nominee exercises control or direction, as at July 11, 2018.

Name of Nominee Current Position with the Company and Province or State and Country of Residence	Occupation, Business or Employment <sup>(1)</sup>	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled, or Directed, Directly or Indirectly
<b>CHARLES YUEN</b> <sup>(2)</sup> Chief Executive Officer and Director Vancouver, BC	Chief Executive Officer and a director of the Company; former Executive Vice President and Director of American CuMo Mining Corporation, a mineral exploration company; involved with developing international trade, distribution, manufacturing, marketing, financial and organizational strategies for Canadian business.	since November 30, 2017	150,000
<b>ZHENG FU</b> President, Chief Financial Officer, Corporate Secretary and Director Vancouver, BC	President, Chief Financial Officer, Corporate Secretary and a director of the Company; President, Chief Executive Officer and the sole shareholder of IEMR Group Limited, a global investment company; formerly employed with ICBC Bank, one of the largest banks in China.	since November 30, 2017	64,440,857 <sup>(3)</sup>
<b>NATALIE NI SHI</b> <sup>(2)</sup> Director Richmond, BC	Accomplished and experienced classical opera singer and musician with several distributed records; film, television and live musical actress; model in both China and the USA; Director of the North American Foundation for Arts & Minorities (NAFAM).	since June 29, 2015	Nil

**Notes:**

- (1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of our management and has been furnished by the nominees themselves.
- (2) Denotes member of audit committee.
- (3) Of these Common Shares, 64,302,857 are owned by a private company owned 100% by Zheng Fu.

None of the proposed directors of the Company is to be elected under any arrangement or understanding between the proposed director and any other person or company, except our directors and officers acting solely in such capacity.

**CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES**

No proposed director (or any of their personal holding companies) is, as at the date of this Information Circular, or has been, within the preceding 10 years, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was the subject of a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation for more than 30 consecutive days while that proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or

- (b) was subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation for more than 30 consecutive days after that 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;
- (c) no proposed director (or any of their personal holding companies) is, as at the date of this Information Circular, or has been, within the preceding 10 years, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver -manager or trustee appointed to hold its assets.

No proposed director (or any of their personal holding companies) has, within the preceding 10 years, 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 that proposed director.

No proposed director (or any of their personal holding companies) has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

### EXECUTIVE COMPENSATION

The Company is a venture issuer and is disclosing the compensation of its director and named executive officers in accordance with Form 51-102F6V Statement of Executive Compensation – Venture Issuers.

The following individuals are considered the "**Named Executive Officers**" or "**NEOs**" for the purposes of the disclosure:

- (a) our Chief Executive Officer or CEO, including an individual performing functions similar to a CEO;
- (b) our Chief Financial Officer or CFO, including an individual performing functions similar to a CFO;
- (c) the most highly compensated executive officer of the Company and its subsidiaries, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V Statement of Executive Compensation – Venture Issuers; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact the individual was not an executive officer of the Company and was not acting in a similar capacity as of October 31, 2017.

For the purposes of the disclosure under Statement of Executive Compensation:

"**compensation securities**" includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the Company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries;

"**executive officer**" of the Company means an individual who is the Chairman or Vice-Chairman of the Board, the President, a Vice-President in charge of a principal business unit, division or function including sales, finance or production, or any other individual who is performing a policy-making function in respect of the Company;

"**incentive plan**" means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

"**plan**" includes any plan, contract, authorization or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons; and

"**underlying securities**" means any securities issuable on conversion, exchange or exercise of compensation securities.

At the end of our most recently completed financial year ended October 31, 2017, we had two Named Executive Officers, Charles Yuen, the Company's CEO and Zheng Fu, the Company's CFO, President and Corporate Secretary. There were no other executive officers of the Company, or other individuals acting in a similar capacity, whose total compensation was, individually, more than \$150,000 during the financial years ended October 31, 2017 and 2016.

### Named Executive Officer and Director Compensation, Excluding Compensation Securities

The following table is a summary of compensation (excluding compensation securities) paid to the Named Executive Officers and any director who is not a NEO for the financial years ending October 31, 2017 and 2016.

Name and Position	Year <sup>(1)</sup>	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Charles Yuen</b> <sup>(2)</sup> CEO & Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
<b>Zheng Fu</b> <sup>(3)</sup> President, CFO, Corporate Secretary & Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
<b>Natalie Ni Shi</b> Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
<b>Hongxue Fu</b> <sup>(4)</sup> Former CEO & Director	2016	N/A	N/A	N/A	N/A	N/A	N/A
<b>Xiaotong Fu</b> <sup>(5)</sup> Former Director	2017	N/A	N/A	N/A	N/A	N/A	N/A
	2016	Nil	Nil	Nil	Nil	Nil	Nil

Name and Position	Year <sup>(1)</sup>	Salary, consulting	Bonus (\$)	Committee or meeting	Value of perquisites	Value of all other	Total compen-
<b>Zhichao Chen</b> <sup>(6)</sup> Former Director	2016	N/A	N/A	N/A	N/A	N/A	N/A
<b>Yi Ming Xie</b> <sup>(7)</sup> Former Director	2016	N/A	N/A	N/A	N/A	N/A	N/A

**Notes:**

- (1) Financial years ended October 31, 2017 and 2016.
- (2) Charles Yuen was appointed as CEO effective November 30, 2017.
- (3) Zheng Fu was appointed President effective May 9, 2016 and CFO and Corporate Secretary effective November 30, 2017.
- (4) Hongxue Fu resigned as CEO and director effective May 9, 2016.
- (5) Xiaotong Fu resigned effective May 12, 2017.
- (6) Zhichao Chen resigned effective May 12, 2017.
- (7) Yi Ming Xie retired effective March 1, 2016.

**Stock Options and Other Compensation Securities**

No stock options or other compensation securities were granted or issued to NEOs or directors during the most recently completed financial year ended October 31, 2017 for services provided or to be provided, directly or indirectly, to the Company or any of our subsidiaries.

During the financial year ended October 31, 2017, no stock options or other compensation securities were exercised by any NEO or director.

**Stock Option Plan**

We adopted a stock option plan (the "**Plan**") in 2015 for the granting of incentive stock options to our officers, employees and directors, which was re-approved by our shareholders at the last annual general meeting held on November 30, 2017, and by the TSX Venture Exchange (the "**Exchange**"). The purpose of granting such options is to assist us in compensating, attracting, retaining and motivating our directors and to closely align the personal interests of those individuals to those of our shareholders.

We grant options according to the level of responsibility of the executive officer as well as his or her impact or contribution to our longer-term operating performance. In setting the number of options to be granted to our executive officers, the Board takes into account the number of options, if any, previously granted to each executive officer, and the exercise price of any outstanding options to ensure that such grants comply with the policies of the Exchange, and closely align the interests of our executive officers with the interests of our shareholders.

The Board has the responsibility to administer the compensation policies related to our executive management, including incentive stock options. A description of the significant terms of the Plan is found under the heading "Particulars of Matters to be Acted Upon – Approval of Stock Option Plan".

**Employment, Consulting and Management Agreements**

The Company has no employment or consulting agreements with any of its NEOs or directors. Other than as disclosed elsewhere in this Information Circular, no management functions are to any substantial degree performed by a person or company other than our NEOs and directors.

## **Oversight and Description of Director and Named Executive Officer Compensation**

### *Director Compensation*

The Company has no standard arrangements pursuant to which directors are compensated by the Company for their services in their capacity as directors except for the granting from time to time of incentive stock options in accordance with the policies of the Exchange. The granting of incentive stock options provides a link between director compensation and the Company's share price. It also rewards directors for achieving results that improve Company performance and thereby increase shareholder value. In making a determination as to whether a grant of long-term incentive stock options is appropriate, and if so, the number of options that should be granted, the Board will consider: the number and terms of outstanding incentive stock options held by each director; the value in securities of the Company that the Board intends to award as compensation; the potential dilution to shareholders and the cost to the Company; general industry standards; and the limits imposed by the terms of the Plan and the Exchange. The granting of incentive stock options allows the Company to reward the directors' efforts to increase value for shareholders without requiring the Company to use cash from its treasury. The terms and conditions of the Company's stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Plan, which are described under "Incentive Plan Awards" above. The directors may be reimbursed for actual expenses reasonably incurred in connection with the performance of their duties as directors.

### *Executive Officer Compensation*

The Board as a whole determines executive compensation from time to time. We do not have a formal compensation policy. When setting the compensation of our executive officers, the Board considers: i) recruiting, motivating and retaining executives critical to our success and the enhancement of shareholder value; ii) providing fair and competitive compensation; iii) balancing the interests of management and our shareholders; and iv) rewarding performance, both on an individual basis and in the context of our operations in general. We do not have a formal compensation program. However, the Board meets from time to time to discuss and determine management compensation, without reference to formal objectives, criteria or analysis. The general objectives of the Board's compensation strategy are to (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of our shareholders; (c) provide a compensation package that enables us to attract and retain talent; and (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that we are under by virtue of the fact that we are a mineral exploration company without a history of revenue.

The Board generally considers three elements of compensation – cash salary, cash consulting fees, and incentive stock options.

Cash salary or consulting fees is used to provide the executive officer with a set amount of money during the year with the expectation that he or she will perform his or her responsibilities to the best of his or her ability and in our best interests. The Board determines what the executive officer's salary or consulting fee compensation will be, based on the overall performance of the Company, the performance of the executive officer and general trends in the industry. We do not expect to use any formally defined objectives, benchmarks criteria and analysis in all cases.

The granting of incentive stock options provides a link between management compensation and our share price. It also rewards management for achieving results that improve our performance and thereby increase shareholder value. In making a determination as to whether a grant of long-term incentive stock options is appropriate, and if so, the number of options that should be granted, the

Board will consider: the level of responsibility of the executive officer; the number of options, if any, previously granted to each executive officer; the exercise price of any outstanding options; the potential dilution to shareholders and the cost to the Company; general industry standards; and the limits imposed by the terms of the Plan and the Exchange. We consider the granting of incentive stock options to be a particularly important element of compensation as it allows us to reward the executive officer's efforts to increase value for shareholders without requiring us to use cash from its treasury. The terms and conditions of stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Plan, which are described under "Incentive Plan Awards" below.

The Board have the discretion to pay cash bonuses to our executive officers, however, we have no formal bonus plan or any other formal arrangements under which bonuses may be earned and we do not expect to pay any bonuses to our executive officers in the current financial year.

Other than as described above there are no other perquisites provided to the Named Executive Officers.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which we have in place is the Plan, which is administered by the Board. The Plan has been established to provide incentive to qualified individuals to increase their proprietary interest in the Company and thereby encourage their continuing association with us. Under the Plan the Board may grant options to our directors, officers, employees or consultants. The Plan provides that the number of Common Shares issuable under the Plan, together with all of our other outstanding stock options, may not exceed 10% of the total number of issued and outstanding Common Shares. All options expire on a date not later than five years after the date of grant of such option. A description of the significant terms of the Plan is found under the heading "Particulars of Matters to be Acted Upon – Approval of Stock Option Plan".

The following table sets out information regarding our equity compensation plan as at the end of the financial year ended October 31, 2017.

#### Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders - (the Plan)	5,740,000	\$0.05	3,740,714
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	0		3,740,714

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

At no time during our last completed financial year or as of July 11, 2018, was any director, executive officer, employee, proposed management nominee for election as a director of the Company nor any associate of any such director, executive officer, or proposed management nominee of the Company or any former director, executive officer or employee of the Company or any of our subsidiaries indebted to the Company or any of our subsidiaries or indebted to another entity where such indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of our subsidiaries.

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

To the knowledge of our management, no informed person (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of our subsidiaries since November 1, 2016 (being the commencement of our last completed financial year), or has any interest in any material transaction in the current year.

## **APPOINTMENT OF AUDITOR**

At the Meeting, shareholders will be asked to approve the appointment of Manning Elliott LLP, Chartered Accountants, as our auditor to hold office until the next annual general meeting of the shareholders at a remuneration to be fixed by the directors. Manning Elliott LLP was first appointed on June 29, 2015.

Management recommends that shareholders vote for the appointment of Manning Elliott LLP as our auditor for the Company's financial year ending October 31, 2018 at a remuneration to be fixed by the Board

## **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

National Instrument 52-110 of the Canadian Securities Administrators ("**NI 52-110**") requires the Company, as a "venture issuer", to disclose annually in our Information Circular certain information concerning our audit committee and our relationship with our independent auditors, as described below.

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

Our audit committee has a charter. A copy of the audit committee charter is attached as Schedule "A" hereto.

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

The members of our audit committee are Charles Yuen and Natalie Ni Shi. Ms. Shi is the only independent member of our audit committee. Both Mr. Yuen and Ms. Shi are considered to be financially literate.

A member of the audit committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.

A member of the audit committee is considered 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.

### **Relevant Education and Experience**

**Charles Yuen** - Mr. Yuen has over twenty years of experience in developing international trade, distribution, manufacturing, marketing, financial, and organizational strategies for several Canadian businesses. He served as executive director and V.P. at several import and export corporations, and served as the chairman of the Canadian Asian Food Suppliers Association and three other non-profit organizations. He has also worked with the various levels of government on natural resources, environmental and safety issues.

**Natalie Ni Shi** – Ms. Shi is an accomplished classical opera singer and musician with several distributed records. She is also a film, television and live musical actress and a model in both China and the USA. She is also a co-founder and a director of the North American Foundation for Arts & Minorities (NAFAM). Ms. Shi obtained a B. M. Major in Opera and a B. M. Minor in Commerce (Sauder School of Business) at the University of British Columbia. She also further her studies in gemmology in Hong Kong and opera in Italy and Beijing.

Each member of our audit committee has adequate education and experience that would provide the member with:

- (a) an understanding of the accounting principles we use to prepare our financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by our financial statements, or experience actively supervising individuals engaged in such activities; and
- (c) an understanding of internal controls and procedures for financial reporting.

### **Audit Committee Oversight**

At no time since the commencement of our most recently completed financial year has the audit committee made any recommendations to the Board to nominate or compensate our auditor, which were not adopted by the Board.

### **Reliance on Certain Exemptions**

At no time since the commencement of our most recently completed financial year have we relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

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

Our audit committee is authorized by the Board to review the performance of our external auditors and approve in advance provision of services other than auditing and to consider the independence of

our external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company. The chairman of our audit committee is authorized to approve any non-audit services or additional work which the chairman deems as necessary and is required to notify the other members of the audit committee of such non-audit or additional work.

### External Auditor Service Fees

Our audit committee has reviewed the nature and amount of the non-audited services provided to us by Manning Elliott LLP, Chartered Professional Accountants, to ensure auditor independence. Fees incurred with Manning Elliott LLP for audit and non-audit services in the last two financial years are outlined in the following table.

Nature of Services	Fees Paid to Auditor in Year Ended October 31, 2017	Fees Paid to Auditor in Year Ended October 31, 2016
Audit Fees <sup>(1)</sup>	\$14,000	\$14,000
Audit-Related Fees <sup>(2)</sup>	Nil	Nil
Tax Fees <sup>(3)</sup>	\$1,000	\$3,200
All Other Fees <sup>(4)</sup>	Nil	Nil
<b>Total</b>	<b>\$15,000</b>	<b>\$17,200</b>

**Notes:**

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of our financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by our auditor. These audit-related services 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 fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. 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 all other non-audit services.

### Exemption

We are relying upon the exemption in section 6.1 of NI 52-110.

## CORPORATE GOVERNANCE

National Instrument 58-101 – Disclosure of Corporate Governance Practices ("**NI 58-101**") requires issuers to disclose the corporate governance practices that they have adopted. The corporate governance practices we have adopted are set out below.

### Independence of Board Members

The Board is currently composed of three directors, namely Charles Yuen, Natalie Ni Shi and Zheng Fu. Each of the three current directors are expected to continue as directors following the Meeting. Of the three individuals to be nominated by management for election as directors, only Natalie Ni Shi will be independent based upon the tests for independence set out in section 1.4 of NI 52-110. Charles Yuen will not be considered independent because he will be our Chief Executive Officer. Zheng Fu will not be independent because he will be our President, Chief Financial Officer and Corporate Secretary.

### **Management Supervision by Board**

Our current operations do not support a large board of directors and the Board has determined that the current constitution of the Board is appropriate for our current stage of development.

Independent supervision of management is accomplished by choosing management who demonstrate a high level of integrity and ability and by having strong independent Board members. Our independent directors, however, are able to meet at any time without any members of management, including the non-independent directors being present. In addition, our audit committee is required to be comprised of a majority of independent directors. We will need to appoint one more independent director to become a member of our audit committee as soon as possible after the Meeting has taken place. We are seeking suitable candidates for this position.

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

Other than Mr. Yuen, none of our current or nominee directors are also directors or officers of other reporting issuers. Mr. Yuen is also a director of CUMO.

### **Orientation and Continuing Education**

There is no formal orientation for new members of the Board, and this is considered to be appropriate, given our size and current limited operations. While we do not have formal orientation and training programs, new Board members are provided with:

1. access to our recent, publicly filed documents; and
2. access to management, the auditor and our consultants.

The skills and knowledge of the Board as a whole is such that we do not believe that any formal continuing education process is currently required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies in the natural resource sector.

Board members are encouraged to communicate with management, our auditor and our consultants and to keep themselves current with industry trends and developments and changes in legislation. Board members have full access to our records.

### **Ethical Business Conduct**

The Board expects management to operate our business in a manner that enhances shareholder value and is consistent with the highest level of integrity. The Board views good corporate governance as an integral component to our success and to meet responsibilities to shareholders. Management is expected to carry out our business plan and to meet performance goals and objectives. To date, the Board has not adopted a formal written Code of Business Conduct and Ethics. However, the current limited size of our operations and the small number of officers and employees allow the independent members of the Board to monitor on an ongoing basis management's activities and to ensure that the highest standard of ethical conduct is maintained. As we grow in size and scope, the Board anticipates that it will adopt a formal Code of Business Conduct and Ethics.

## **Nomination of Directors**

The Board determines new nominees to the Board, although a formal process has not been adopted. The Board assesses potential Board candidates based on perceived needs on the Board, required skills expertise, independence and other factors. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and our Chief Executive Officer.

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

The independent directors have the responsibility for determining compensation for our directors and senior management. When setting compensation, our independent directors review compensation paid to directors and CEOs of companies of similar size and stage of development in the mineral exploration and mining industry. They determine an appropriate compensation that reflects the need to provide incentive and compensation for the time and effort expended by the directors and senior management while also taking into account our financial and other resources.

## **Board Committees**

The Board has determined that additional committees are not necessary at this stage of our development.

## **Assessments**

The Board monitors but does not formally assess the performance of individual Board members or committee members or their contributions. The Board does not, at present, have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider establishing one in the future if circumstances warrant. Based on our size, our stage of development and the limited number of Board members, the Board considers a formal assessment process to be inappropriate at this time. The Board plans to continue evaluating its own effectiveness on an ad hoc basis. The current size of the Board is such that the entire Board takes responsibility for selecting new directors and assessing our current directors. One or more members of the Board review a proposed directors' credentials before a Board Meeting at which the proposed director may be appointed or nominated for election by the shareholders.

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

### **Approval of Stock Option Plan**

In 2015 we adopted the Plan, which is a "rolling" stock option plan. The Plan is administered by the Board and options may be granted at the discretion of the Board to persons eligible under the Plan ("**Optionees**"). While the Plan is in effect there can never be more than 10% of our issued and outstanding Common Shares reserved for issuance on exercise of options at any point in time.

#### *Eligible Optionees*

Under the Exchange's policies, to be eligible for the grant of a stock option under the Plan an Optionee must either be a director, officer, consultant or an employee of the Company or a company providing management or other services to the Company or a subsidiary at the time the option is granted.

The Board may grant options only to an individual eligible under the Plan or to a non-individual (such as a company that is wholly-owned by an individual eligible under the Plan). If the option is granted to a non-individual such as a company, the individual that owns the company must provide the

Exchange with an undertaking that he or she will not permit any transfer of the securities of that non-individual, nor issue more securities, to any other individual or other entity as long as the option remains in effect, without the consent of the Exchange.

*Material Terms of the Plan*

The following is a summary of the material terms of the Plan:

- (a) the Board may from time to time, in its discretion, and in accordance with the Exchange's policies and the terms of the Plan, grant options to Optionees;
- (b) the number of Common Shares reserved for issuance on the exercise of options granted under the Plan must not exceed 10% of the issued and outstanding Common Shares;
- (c) unless sooner terminated, options will expire on a date to be determined by the Board and will not exceed 10 years from the date the option is granted ;
- (d) subject to a minimum exercise price of \$0.05 required by the Exchange, the exercise price of an option granted under the Plan must not be less than the last closing price of the Common Shares before the issuance of the news release disclosing the grant of options (but, if a news release is not required by the Exchange's policies, then the exercise price would be the last closing price of the Common Shares before the date of grant of the option);
- (e) as required by the Exchange, options granted to consultants performing investor relations activities must vest in stages over a minimum of 12 months with no more than  $\frac{1}{4}$  of the options vesting in any 3-month period. Otherwise, the Board may apply vesting to any option, at its discretion;
- (f) the number of Common Shares reserved for issuance under options granted to Insiders (as defined in the Plan) may not exceed 10% of the issued Common Shares at the time of granting the Options;
- (g) the number of options granted to Insiders, within a 12-month period, may not exceed 10% of the outstanding Common Shares at the time of granting the Options;
- (h) the number of Common Shares reserved for issuance under options to any one Optionee, within a 12-month period, must not exceed 5% of the issued and outstanding Shares at the time of granting of the Options;
- (i) the number of Common Shares that may be issued to any one consultant on exercise of options may not exceed 2% of the issued Common Shares in any 12-month period;
- (j) the number of Common Shares that may be issued, in total, to a person conducting investor relations activities may not exceed 2% of the issued Common Shares in any 12-month period;
- (k) if an Optionee ceases to be an eligible Optionee for any reason other than death, the Optionee's vested option will terminate within a reasonable period to be determined by the Administrator starting on the effective date the Optionee ceases to be employed by or provide services to the Company, but not more than 6 months, unless the Option has signed an employment or consulting agreement that provides for a longer exercise period, but in no case will the exercise period be more than one year unless prior Exchange approval has been given; and
- (l) despite (k) above, if an Optionee is an employee or consultant and is neither a director nor an officer and ceases to be an employee or consultant by reason of termination of employment for

cause or termination of the consultant's engagement for breach of the consulting agreement, the option will terminate on the effective date of the Optionee ceasing to be an employee or consultant for that reason.

At the Meeting, shareholders will be asked to vote on the following ordinary resolution, with or without variation:

**"RESOLVED, AS AN ORDINARY RESOLUTION, THAT:**

1. the Plan, as described in the Company's Information Circular dated July 12, 2018 and as available for review at the Company's annual general meeting to be held on August 15, 2018, be ratified, confirmed and approved;
2. the number of the Company's common shares reserved for issuance under the Plan be no more than 10% of the Company's issued and outstanding common shares at the time of any stock option grant; and
3. the Company's Board of Directors be authorized to make any changes to the Plan, if required by the Exchange."

Unless the shareholder has specified in the enclosed form of Proxy or other form of proxy that the Common Shares represented by such proxy are to be voted against the resolution to approve the Plan, the persons named in the enclosed Proxy intend to vote in favour the resolution.

**ADDITIONAL INFORMATION**

Financial information is provided in our audited financial statements for the financial years ended October 31, 2017 and 2016 together with the corresponding management discussion and analysis as well as in our unaudited interim financial statements for the six-month period ended April 30, 2018 together with the corresponding management discussion and analysis, as filed on [www.sedar.com](http://www.sedar.com).

Additional information relating to the Company is filed on [www.sedar.com](http://www.sedar.com). Shareholders may request copies of our financial statements and related management's discussion and analysis by contacting our Corporate Secretary at 1300 – 1500 West Georgia Street, Vancouver, BC V6G 2Z6, Toll-Free 1-800 667-0873 within Canada and USA, or (778) 375-3223 outside Canada and USA. Copies of documents will be provided free of charge to shareholders. We may require the payment of a reasonable charge from any person or company who is not a shareholder of the Company, who requests a copy of any such document.

**OTHER MATTERS**

The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of this Information Circular.

The contents of this Information Circular and its distribution to shareholders have been approved by the Board.

Dated at Vancouver, British Columbia this 12<sup>th</sup> day of July, 2018.

By Order of the Board of Directors

*(signed) "Charles Yuen"*  
Charles Yuen  
Chief Executive Officer

## SCHEDULE "A"

### AUDIT COMMITTEE CHARTER

The following is the text of the audit committee's charter:

#### **Overall Purpose / Objectives**

The Audit Committee will assist the board of directors (the "Board") in fulfilling its responsibilities. The Audit Committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the Company's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the committee will maintain effective working relationships with the Board of Directors, management, and the external auditor and monitor the independence of the auditor. To perform his or her role effectively, each committee member will obtain an understanding of the responsibilities of committee membership as well as the Company's business, operations and risks.

#### **Authority**

The Board authorizes the audit committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to obtain outside legal or professional advice and to ensure the attendance of Company officers at meetings as appropriate.

#### **Organization**

##### *Membership*

The Audit Committee will be comprised of at least three members who are directors, a majority of which are not officers or employees of the Company.

The chairman of the Audit Committee will be nominated by the committee from time to time.

A quorum for any meeting will be two members.

The secretary of the Audit Committee will be the Company secretary, or such person as nominated by the Chairman.

##### *Attendance at Meetings*

The Audit Committee may invite such other persons (e.g. the President or Chief Financial Officer) to its meetings, as it deems appropriate.

Meetings shall be held not less than four times a year. Special meetings shall be convened as required. The external auditor may convene a meeting if they consider that it is necessary.

The proceedings of all meetings will be minuted.

#### **Roles and Responsibilities**

The Audit Committee will:

- Gain an understanding of whether internal control recommendations made by the external auditor has been implemented by management.
- Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.
- Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review any legal matters which could significantly impact the financial statements as reported on by the general counsel and meet with outside counsel whenever deemed appropriate.
- Review the annual and quarterly financial statements including Management's Discussion and Analysis and annual and interim earnings press releases prior to public dissemination, including any certification, report, opinion, or review rendered by the external auditor and determine whether they are complete and consistent with the information known to committee members; determine that the auditor is satisfied that the financial statements have been prepared in accordance with generally accepted accounting principles.
- Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure thereof.
- Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.
- Review audit issues related to the Company's material associated and affiliated companies that may have a significant impact on the Company's equity investment.
- Meet with management and the external auditor to review the annual financial statements and the results of the audit.
- Evaluate the fairness of the interim financial statements and disclosures, and obtain explanations from management on whether:
  - (a) actual financial results for the interim period varied significantly from budgeted or projected results;
  - (b) generally accepted accounting principles have been consistently applied;
  - (c) there are any actual or proposed changes in accounting or financial reporting practices;
  - (d) there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure.
- Review the external auditor's proposed audit scope and approach and ensure no unjustifiable restriction or limitations have been placed on the scope.
- Review the performance of the external auditor and approve in advance provision of services other than auditing. Consider the independence of the external auditor, including reviewing the range of services provided in the context of all consulting services bought by the Company. The Board authorizes the Chairman of the Audit Committee to approve any non audit or additional

audit work which the Chairman deems as necessary and to notify the other members of the Audit Committee of such non audit or additional work.

- Make recommendations to the Board regarding the reappointment of the external auditor and the compensation to be paid to the external auditor.
- Review any significant disagreement among management and the external auditor in connection with the preparation of the financial statements.
- Review and approve the Company's hiring policies regarding partners, employers and former partners and employees of the present and former external auditors of the Company.
- Establish a procedure for:
  - (a) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
  - (b) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters.
- Meet separately with the external auditor to discuss any matters that the committee or auditor believe should be discussed privately.
- Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditor.
- Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.
- Perform other functions as requested by the full Board.
- If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist, and set the compensation to be paid to such special counsel or other experts.
- Review and recommend updates to the charter; receive approval of changes from the Board.

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