

RECO INTERNATIONAL GROUP INC.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF THE SHAREHOLDERS OF RECO INTERNATIONAL GROUP INC.

- and -

MANAGEMENT INFORMATION CIRCULAR and PROXY STATEMENT

Meeting to be held on June 30, 2022

Circular dated May 31, 2022

RECO INTERNATIONAL GROUP INC.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual general and special meeting (the “**Meeting**”) of the holders of common shares (the “**Shareholders**”) of Reco International Group Inc. (“**Reco**” or the “**Corporation**”) will be held virtually at <https://us02web.zoom.us/j/85011914369> on Thursday, June 30, 2022 at 9:00 a.m. (Vancouver time) for the following purposes:

1. to receive the audited financial statements of the Corporation for the fiscal years ended September 30, 2018, September 30, 2019, September 30, 2020 and September 30, 2021 together with the auditors' report thereon;
2. to fix the size of the Board of Directors of the Corporation at five (5) members;
3. to elect the board of directors to serve until the next annual meeting of the Shareholders or until their successors are duly elected or appointed;
4. to appoint RSM Alberta LLP, Chartered Professional Accountants, as auditors and to authorize the directors to fix the auditors' remuneration;
5. to approve a fixed 20% stock option plan of the Corporation;
6. to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution, the full text of which is set forth in this Information Circular, to ratify and confirm the Board's resolution to repeal the Corporation's bylaws and replace them with Bylaws in respect of the following:
 - i. Bylaw No. 1: in respect of the transaction of business and affairs of the Corporation;
 - ii. Bylaw No. 2; in respect of the borrowing of money, the issuing of securities and the securing of liabilities by the Corporation; and
 - iii. Bylaw No. 3: in respect of the advance notice of annual or special meetings of the Shareholders of the Corporation for the purpose of nominating directors.

The full text of the proposed bylaws to be approved and adopted is contained in Schedule “C” attached to this Information Circular; and

7. to transact such other business as may properly be brought before the Meeting, or any adjournment or adjournments thereof.

Specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular, which Information Circular forms a part of this notice of the Meeting.

The Board of Directors of the Corporation has fixed the record date for the Meeting at the close of business on May 24, 2022 (the “**Record Date**”). Only Shareholders of the Corporation of record as at the date are entitled to receive notice of the Meeting. Shareholders of record will be entitled to vote those shares included in the list of Shareholders entitled to vote prepared as at the Record Date, unless any such Shareholder transfers their shares after the Record Date and the transferee of those shares establishes that they own the shares and demands, not later than the close of business on the date ten (10) days before the Meeting that the transferee's name be included in the list of Shareholders entitled to vote, in which case such transferee shall be entitled to vote such shares.

THE CORPORATION IS COMMITTED TO SAFEGUARDING THE HEALTH AND WELL-BEING OF OUR EMPLOYEES, SERVICE PROVIDERS, SHAREHOLDERS AND THE COMMUNITY. WITH THE PRESENT EXISTENCE OF THE NOVEL CORONAVIRUS (COVID 19) STILL IN OUR COMMUNITY, AND TO REMAIN CAUTIOUS WITH RESPECT THERETO, IN KEEPING WITH THE GUIDANCE FROM VARIOUS PUBLIC HEALTH AND GOVERNMENT AUTHORITIES, THIS ANNUAL AND SPECIAL MEETING WILL BE HELD BY TELEPHONE OR WEBCAST. DUE TO THE INHERENT TECHNICAL LIMITATIONS AND CAPACITIES OF THE WEBCAST COMMUNICATION FACILITIES, WE REGRETTABLY ADVISE VOTING AT THE MEETING IS NOT POSSIBLE; THEREFORE WE STRONGLY URGE AND ASK ALL SHAREHOLDERS TO VOTE THEIR SHARES WELL IN ADVANCE OF THE MEETING DATE VIA ONE OF THE FOLLOWING THREE METHODS:

- By dating and signing the enclosed Instrument of Proxy and mailing to or depositing it with the Registrar and Transfer Agent of the Corporation, c/o Computershare Trust Company of Canada, Proxy Dept., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 (facsimile within North America to 1-866-249-7775 or outside North America to 416-263-9524) not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment thereof).
- By telephone by calling the telephone number stated on the enclosed Instrument of Proxy.
- By internet at the following web site: www.investorvote.com.

Shareholders are cautioned that the use of mail to transmit proxies is at each Shareholder's risk.

May 31, 2022

By Order of the Board Of Directors

(Signed) Hugh Zhen
President and Chief Executive Officer

*Shareholders who are unable to attend the Meeting in person are requested to **COMPLETE AND SIGN THE ACCOMPANYING FORM OF PROXY** and forward it in the enclosed envelope to Computershare Trust Company of Canada, Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 or by facsimile within North America to 1-866-249-7775 or outside North America to 1-416-263-9524, not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting, or any adjournment or adjournments thereof, as applicable, in order for such proxy to be used at the Meeting, or any adjournment or adjournments thereof.*

If you are an unregistered Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy provided to you by your broker or other intermediary in accordance with the instructions provided therein.

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GLOSSARY OF TERMS

The following is a glossary of terms and abbreviations used frequently throughout this Management Information Circular and Proxy Statement.

“**ABCA**” means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended, and includes regulations promulgated thereunder.

“**Articles**” means the articles of incorporation of the Corporation, as amended.

“**Board**” means the board of directors of the Corporation.

“**CEO**” or “**Chief Executive Officer**” means each individual who served as chief executive officer of the Corporation or acted in a similar capacity during the most recently completed financial year.

“**CFO**” or “**Chief Financial Officer**” means each individual who served as chief financial officer of the Corporation or acted in a similar capacity during the most recently completed financial year.

“**COO**” or “**Chief Operating Officer**” means each individual who served as chief operating officer of the Corporation or acted in a similar capacity during the most recently completed financial year.

“**Corporation**” or “**Reco**” means Reco International Group Inc., a corporation incorporated under the ABCA.

“**Information Circular**” means this management information circular and proxy statement dated May 31, 2022, including the schedules attached hereto.

“**Meeting Date**” means June 30, 2022.

“**Meeting**” means the annual general and special meeting of the Shareholders to be held virtually on Thursday, June 30, 2022 at 9:00 a.m. (Vancouver time) for the purposes set forth in the Notice of Meeting.

“**Named Executive Officer**” means the following individuals:

- (a) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;
- (b) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;
- (c) in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) 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 NI 51-102F6V, for that financial year;
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year.

“**NI 51-102**” means National Instrument 51-102, *Continuous Disclosure Obligations*.

“**Notice of Meeting**” means the notice of the Meeting accompanying this Information Circular.

“**Options**” means options to purchase Shares.

“**Record Date**” means May 24, 2022.

“**SEDAR**” means system for electronic document access and retrieval.

“**Shareholder**” means a holder of Shares.

“**Shares**” means common shares in the capital of the Corporation.

“**TSXV**” means the TSX Venture Exchange.

RECO INTERNATIONAL GROUP INC.

INFORMATION CIRCULAR

Unless otherwise stated herein, all capitalized terms herein shall have the meaning set forth in the Glossary of Terms.

This Information Circular is furnished to Shareholders in connection with the solicitation of proxies by the management of the Corporation for use at the Meeting and any adjournment or adjournments thereof.

This Information Circular and the accompanying forms of notice and proxy as well as other related meeting materials are being mailed or delivered to Shareholders on or about June 1, 2022. Unless otherwise indicated, information in this Information Circular is given as of May 31, 2022.

No person is authorized to give any information or to make any representation not contained in this Information Circular and, if given or made, such information or representation should not be relied upon as having been authorized. This Information Circular does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of any offer or proxy solicitation. The delivery of this Information Circular shall not, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Information Circular.

GENERAL PROXY MATERIALS

Solicitation of Proxies

This Information Circular is provided in connection with the solicitation of proxies by the management of the Corporation for use at the Meeting for the purposes set forth in the Notice of Meeting. In addition to solicitation by mail, proxies may be solicited in person, by telephone or other means of communication, by directors, officers and employees of the Corporation who will not be specifically remunerated therefor. The cost of soliciting proxies will be borne by the Corporation.

Appointment of Proxyholder and Revocation of Proxies

The person named in the enclosed form of proxy is a director and officer of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) other than the person designated in the form of proxy provided by the Corporation, to represent the Shareholder at the Meeting. To exercise this right, the Shareholder should cross out the name of the nominee of management and legibly print the name of the shareholder's appointee in the space provided.** In order to be effective, a Shareholder must forward its proxy to Computershare Trust Company of Canada, Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 or by facsimile within North America to 1-866-249-7775 or outside North America to 1-416-263-9524. All proxies must be forwarded not later than 48 hours (excluding Saturdays, Sundays and holidays) preceding the Meeting, or any adjournment or adjournments thereof, as applicable. In addition, a Shareholder may bring the proxy to the Meeting and deliver it to the Chairman of the Meeting prior to the commencement of the Meeting. The proxy shall be in writing and executed by the Shareholder or such Shareholder's attorney authorized in writing, or if such Shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney, as applicable.

A proxy is revocable. The giving of a proxy will not affect a Shareholder's right to attend and vote in person at the applicable Meeting. In addition to revocation in any other manner permitted by law, a

Shareholder may revoke a proxy by instrument in writing executed by the Shareholder or such Shareholder's attorney authorized in writing, or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof, duly authorized, and deposited at the registered office of the Corporation located at 1700 Enbridge Centre, 10175 – 101 Street, Edmonton, Alberta, T5J 0H3, at any time up to and including the last business day preceding the day of the applicable Meeting, or any adjournment or adjournments thereof at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment or adjournments thereof.

Proxy Voting

The Shares represented by a valid proxy will be voted or withheld from voting in accordance with the instructions of the securityholder on any ballot that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the proxy, the Shares represented by the proxy will be voted or withheld from voting in accordance with such specification. In the absence of any such specification, the management designee, if named as proxy, will vote IN FAVOUR of the proposed resolution. The enclosed form of proxy confers discretionary authority in respect of amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting, or any adjournment or adjournments thereof. As of the date hereof, management of the Corporation know of no amendments, variations or other matters to come before the Meeting. In the event that other matters come before the Meeting, then the management designee intends to vote in accordance with the judgement of the management of the Corporation.

Pursuant to the Bylaws of the Corporation, business may be transacted at the Meeting if not less than two persons are present in person, each being a Shareholder entitled to vote thereat or a duly appointed proxy or representative representing not less than 10% of the outstanding shares carrying voting rights at the meeting.

Voting of Shares - Advice to Beneficial Holders of Securities

The information set forth in this section is of significant importance to many Shareholders as a substantial number of the Shareholders hold their shares through intermediaries such as brokers and their agents or nominees and not in their own name. Shareholders who do not hold their shares in their own name (referred to in this Information Circular as “**Beneficial Shareholders**”) should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of the Shares can be recognized and acted upon at the Meeting. If Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those shares will not be registered under the name of the Shareholder on the records of the Corporation. Such shares will more likely be registered under the name of the Shareholder's broker or an agent or nominee of that broker. Shares held by brokers or their agents or nominees can only be voted for, or withheld from voting, or voted against any resolution upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers, their agents or nominees are prohibited from voting Shares for their clients.

Applicable regulatory policy requires intermediaries and brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary and broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker (or agent or nominee thereof) is identical to the form of the proxy provided to registered Shareholders; however, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”). Broadridge typically applies a special sticker to the proxy forms, mails those forms to the beneficial Shareholders and asks beneficial Shareholders to return the proxy forms to Broadridge.

Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A beneficial Shareholder receiving a proxy with a Broadridge sticker on it cannot use that proxy to vote Common Shares directly at the Meeting. The proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.**

The Corporation is sending proxy-related materials directly to non-objecting beneficial owners under National Instrument 54-101, *Communication With Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101"). Management of the Corporation does not intend to pay for intermediaries to forward to objecting beneficial owners under NI 54-101 the meeting materials and voting instruction form and accordingly an objecting beneficial owner will not receive the meeting materials unless the objecting beneficial owner's intermediary assumes the cost of delivery.

All references to Shareholders in this Information Circular and the accompanying instrument of proxy and Notice of Meeting are to Shareholders of record, unless specifically stated otherwise.

Attending the Meeting

The Meeting will be held in a virtual-only format due to the reason as set out in the Notice. Shareholders who held common shares of the Corporation on May 24, 2022 are entitled to receive notice and to vote on each of the matters set out in the Notice. Shareholders will not be able to attend the Meeting in person. Registered Shareholders and duly appointed proxyholders will be able to virtually attend and participate at the Meeting.

Non-registered Shareholders who have not duly appointed themselves as proxyholders may still attend the Meeting as guests and will be able to listen to the Meeting.

YOUR VOTE IS IMPORTANT. Shareholders are requested to COMPLETE AND SIGN THE ACCOMPANYING FORM OF PROXY so they are received not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting, or any adjournment or adjournments thereof, as applicable, in order for such proxy to be used at the Meeting, or any adjournment or adjournments thereof. Shareholders should forward their form of proxy to Computershare by telephone, online or mail as follows:

- **You can vote by calling the telephone number stated on the enclosed Instrument of Proxy.**
- **You can vote your shares online at the following web site: www.investorvote.com.**

To vote by telephone or the Internet, you will need to provide the 15 digit control number on your proxy.

- **Complete, sign, date and return your proxy card to Computershare Trust Company of Canada, Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 or by facsimile within North America to 1-866-249-7775 or outside North America to 1-416-263-9524 not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment thereof).**

Shareholders are cautioned that the use of mail to transmit proxies is at each Shareholder's risk.

INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

Management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, of any director or executive officer of the Corporation who has held that position at any time since the beginning of the Corporation's last financial year, or of any proposed nominee for election as director of the Corporation or any associate or affiliate of any of the foregoing, other than the election of directors or the appointment of auditors.

EXTENSION OF ANNUAL MEETING DATE

A corporation is required by the ABCA to hold its first annual meeting of its shareholders within 18 months of incorporation and then hold subsequent annual meetings within 15 months of the preceding such meeting. Since the Corporation last held an annual meeting on March 15, 2019, it is in default of this requirement. The Corporation has obtained an order from the Court extending the time for holding the Corporation's shareholders' meeting for the years ended September 30, 2021, September 30, 2020, September 30, 2019 and September 30, 2018 to a date no later than July 31, 2022.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Corporation is authorized to issue an unlimited number of Shares, of which 49,635,635 Shares are issued and outstanding as at the date hereof. The Corporation has no other classes of voting securities.

The holders of Shares of record at the close of business on the Record Date, set by the directors of the Corporation to be February 24, 2022, are entitled to vote such Shares at the Meeting on the basis of one vote for each Share held, except to the extent that:

- a) such person transfers his Shares after the Record Date; and
- b) the transferee of those Shares produces properly endorsed share certificates or otherwise establishes his ownership to the shares and makes a demand to the registrar and transfer agent of the Corporation, not later than 10 days before the Meeting, that his name be included on the shareholders' list.

The Bylaws of the Corporation provides that a quorum is present at a Meeting if at least two (2) individuals are personally present, each being a Shareholder entitled to vote thereat or a duly appointed proxy holder or representative representing not less than 10% of the issued and outstanding shares carrying voting rights at the meeting.

To the knowledge of the directors and executive officers of the Corporation, as at the date hereof, the only persons or companies who beneficially own, directly or indirectly, 10% or more of the voting rights of the outstanding Shares are as follows:

Shareholder Name and Municipality of Residence	Number of Shares	Percentage of Shares Issued and Outstanding
Hugh Zhen Burnaby, British Columbia	11,974,679	24.13%
Quin Quang Sie Burnaby, British Columbia	5,812,756	11.71%

EXECUTIVE OFFICER

The Corporation is a venture issuer and in accordance with Form 51-102F6V, *Statement of Executive Compensation – Venture Issuers*, the term “Named Executive Officers” or “NEOs” include the following individuals:

- (a) the Corporation's CEO, including an individual performing functions similar to a chief executive officer;
- (b) the Corporation's CFO, including an individual performing functions similar to a chief financial officer;
- (c) the most highly compensated executive officer of the Corporation or its subsidiaries, other than the CEO or the CFO, at the end of the most recently completed financial year ended September 30, 2021 whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V, for that financial year;
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of that financial year;

Based on the forgoing, during the most recently completed fiscal year 2021, the Corporation had two (2) NEOs as such term is defined in NI 51-102F6V, namely Hugh Zhen, Chief Executive Officer and President of the Corporation and Quin Quang Sie, Chief Financial Officer of the Corporation.

Compensation Discussion and Analysis

During the financial year ended September 30, 2021, the Corporation awarded compensation to the Named Executive Officers. The Corporation does not have a compensation program other than paying base salaries to the NEOs. The objectives of base salary are to recognize market pay and to compensate NEOs competitively for their skills, knowledge and experience. During the financial year ended September 30, 2021, the Corporation awarded compensation to the NEOs solely on Board discussions, without any formal objective, criteria and analysis. Directors, who are not Named Executive Officers, receive no compensation for their attendance at meetings.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table sets forth the compensation paid by the Corporation to the Named Executive Officers and directors for the two most recently financial years of the Corporation indicated, excluding compensation securities (see Stock Options and Other Compensation Securities).

Table of Compensation Excluding Compensation Securities							
Name and Position	Year ⁽¹⁾	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of all Other Compensation (\$)	Total Compensation (\$)
Hugh Zhen ⁽¹⁾ President, Chief Executive Officer and Director	2021	76,620	Nil	Nil	Nil	Nil	76,620
	2020	117,050	Nil	Nil	Nil	Nil	117,050
Quin Quang Sie Chief Financial Officer and Director	2021	76,620	Nil	Nil	Nil	Nil	76,620
	2020	117,050	Nil	Nil	Nil	Nil	117,050
Lyn T. Jones Director	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
David Malicki Director	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Hugh Zhen was compensated \$76,620 (2020: \$117,050) for his role as CEO and \$nil (2020: \$nil) for his role as Director.
- (2) Quin Quang Sie was compensated \$76,620 (2020: \$117,050) for his role as CFO and \$nil (2020: \$nil) for his role as Director.

Stock Options and Other Compensation Securities

During the most recent financial year ended September 30, 2021, no stock options or other compensation securities were granted or issued by the Corporation or its subsidiary to a Director or Named Executive Officer and no stock options were outstanding as at the most recent financial year ended September 30, 2021.

Exercise of Compensation Securities by Directors and Named Executive Officers

There were no compensation securities exercised by any of the Named Executive Officers or Directors during the most recent financial year ended September 30, 2021.

Stock Option Plans and Other Incentives

The Corporation has in place a 20% fixed stock option plan that was approved by the Shareholders at the Corporation's annual and special meeting held on December 16, 2015 (the "2015 Plan"). In accordance with the existing 2015 Plan, the Directors may reserve a maximum of 5,127,127 Common Shares for issuance. The objective of the 2015 Plan is to reward NEOs', employees' and directors' individual performance. The criteria used to determine eligibility for granting options, including the term of each option and the vesting of each option is at the discretion of the Board, or the President if duly authorized by

the Board, based upon the individual's level of responsibility, performance and comparative levels of compensation and previous grants awarded.

The Corporation is seeking Shareholder approval to replace the existing 2015 Stock Option Plan with a new 20% fixed stock option plan to permit the issuance of up to 9,927,127 common shares of the Corporation, representing 20% of the 49,635,635 common shares issued and outstanding as at the date hereof (the "2022 Stock Option Plan"). For details of the 2022 Stock Option Plan, please see "*Approval of 20% Fixed Stock Option Plan*".

Employment, Consulting and Management Agreements

As at the most recent financial year ended September 30, 2021, there were no employment or management contracts between the Corporation or its subsidiaries and any NEO or director except as follows:

1. Hugh Zhen's role as CEO of the Corporation is contracted to the Corporation and has no fixed term; and
2. Quin Quang Sie's role as CFO of the Corporation is contracted to the Corporation and has no fixed term.

Full descriptions of NEO compensation are disclosed in the Table of Compensation Excluding Compensation Securities provided above.

At the end of the Corporation's most recently completed financial year, there were no compensatory plans, contracts or arrangements in place with respect to any NEO in the event of the resignation, retirement or other termination of employment, a change of control of the Corporation or any of its subsidiaries or a change in the NEO's responsibilities following a change in control.

Oversight and Description of Director and NEO Compensation

The Corporation does not have a defined compensation program other than paying base salaries to the NEOs. The objectives of base salary are to recognize market pay and to compensate NEOs competitively for their skills, knowledge and experience. A full description of NEO compensation is disclosed in the Table of Compensation Excluding Compensation Securities provided above.

During the most recently completed financial year ended September 30, 2021, there was no compensation awarded to the NEOs.

Pension Plan Benefits

The Corporation does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following, or in connection with retirement.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information in respect of compensation plans under which equity securities of the Corporation are authorized for issuance for the Corporation's most recently completed financial year ended September 30, 2021.

Plan Category	Number of securities, to be issued upon exercise of outstanding 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	5,100,000	N/A	27,127 ⁽¹⁾
Equity compensation plans not approved by security holders	Nil	N/A	N/A
TOTAL:	5,100,000	N/A	27,127

Notes:

(1) The Corporation can currently grant no more than 5,127,127 Options under the Corporation's existing fixed number stock option plan.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of directors and executive officers of the Corporation, nominees for director, any shareholder who beneficially owns more than 10% of the Shares of the Corporation, or any known associate or affiliate of such persons, in any transaction since the commencement of the Corporation's last completed fiscal year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

MANAGEMENT CONTRACTS

Management functions of the Corporation and its subsidiaries are performed solely by directors or executive officers of the Corporation and not, to any substantial degree, by any other person.

CORPORATE GOVERNANCE

The Corporation is required to disclose on an annual basis their approach to corporate governance pursuant to the provisions of National Instrument 58-101- *Disclosure of Corporate Governance Practices* ("NI 58-101"). Pursuant to NI 58-101, the Corporation's practise to corporate governance is as set forth below:

1. **Board of Directors** – During the most recently completed financial year ended September 30, 2021, the Board functioned independently of management because a majority of the members were non-management. An "independent" director is a director who is independent of management and free from any interest and any business or other relationship that could, or could reasonably be perceived to materially interfere with the director's ability to act in the best interests of the Corporation, other than interests arising from shareholdings. Any director may submit items for inclusion in the agenda of matters to be discussed at meetings of the Board.
2. **Directorships** – No director is a director of another reporting issuer.
3. **Orientation and Continuing Education** - The Board does not have a formal orientation or education program for members. Board members have historically been nominated who are familiar with the Corporation and the nature of the business in which the Corporation participates. Since directors are nominated only for a one year term, if the director can no longer meet his obligation as a director, he would not be nominated for the year.

4. **Ethical Business Conduct** – The Corporation’s Board of Directors is required to approve any related party transactions.
5. **Nomination of Directors** - The recruitment of new directors has generally resulted from recommendations made by the Board. The assessment of the contributions of individual directors has principally been the responsibility of and members of the Board. Prior to standing for election, new nominees to the Board are reviewed by the entire Board.
6. **Compensation** - The Board periodically reviews the compensation paid to directors and the Chief Executive Officer, based on such factors as time commitment and directors’ fees paid by similar companies operating in Canada. The Board considers that the current level of compensation is appropriate. The Board does not have a compensation committee.
7. **Other Board Committees** - The Board has no other committees other than the audit committee.
8. **Assessments** - The Board does not have a formal process for assessing the performance of the Board, committees and its individual directors.

AUDIT COMMITTEE

The Corporation is required to have an audit committee under the ABCA and pursuant to the provisions of National Instrument 52-110, *Audit Committees* (“NI 52-110”). Pursuant to NI 52-110, the Corporation is required to have a written charter which sets out the duties and responsibilities of its audit committee.

Audit Committee Charter

The Corporation’s Audit Committee Charter is attached hereto as Schedule “A”.

Composition of the Audit Committee

The Audit Committee is currently comprised of the following members:

Name and Office if Any	Independent	Financially Literate
Hugh Zhen President and Chief Executive Officer	No	Yes
Lyn T. Jones	Yes	Yes
David Malicki	Yes	Yes

The Board believes the composition of the Audit Committee reflects a high level of financial literacy and expertise. The Board has determined that each member of the Audit Committee is ‘financially literate’ within the meaning of applicable Canadian securities laws based on each member’s education and experience, a description of which is set forth below.

Relevant Education and Experience

In addition to each member’s general business experience, the education and experience of each person to be appointed to the Audit Committee member following the Meeting that is relevant to the performance of his responsibilities as an Audit Committee member is as follows:

Hugh Zhen

Mr. Zhen is the founder of Reco Decoration Group Inc. and Z&Z Holdings Ltd. He has been involved in construction project management and as a result Mr. Zhen has acquired significant knowledge about financial statements and how financial statements are prepared. He understands the accounting principles used by the Corporation to prepare the financial statements and works with the Corporation's accounting staff to prepare the Corporation's financial statements. As the Corporation's President and Chief Executive Officer, he oversees the Corporation's internal control and procedures to ensure compliance.

Lyn T. Jones

Mr. Jones is the owner of his own interior design consulting company. He has been a Registered Interior Designer in Canada since 1975. As the owner of his own consulting company, Mr. Jones has gained practical knowledge on how financial statements are prepared. He understands the importance of effective internal control policies and procedures. He has the knowledge to understand the accounting principles used by the Corporation to prepare its financial statements and the ability to assess the general application of the accounting principles related to accounting for estimates, accruals and reserves.

David Malicki

Mr. Malicki has 15 years of legal experience including time spent as a sole practitioner and as head of the legal department of Canadian Overseas Immigration and Business Services in Vancouver, British Columbia. Mr. Malicki is currently the project coordinator for Bricks for Buguma, a Global Peace Network water, school, and bicycle project in rural Tanzania.

Mr. Malicki is experienced as a business lawyer, project manager and has practical knowledge on the preparation of financial statements. He understands the importance of effective internal control policies and procedures. He also has the knowledge to understand the accounting principles used by the Corporation to prepare its financial statements and the ability to assess the general application of the accounting principles related to accounting for estimates, accruals and reserves.

Audit Committee Oversight

At no time since the commencement of the Corporation's 2021 financial year, was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's 2021 financial year has the Corporation relied on the exemption in section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (Exemptions).

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services other than the general requirements under the heading "External Audit" of the Audit Committee Charter which states that the Audit Committee must pre-approve any non-audit services to the Corporation and the fees for those services.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Corporation's external auditors in each of the last two financial years for audit and non-audit related services are as follows:

Financial Year	Audit Fees ⁽¹⁾	Audit-Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
2021	\$29,000	Nil	\$4,000	\$2,310
2020	\$29,000	Nil	\$4,000	\$2,270

Notes:

1. Audit fees were for professional services rendered by RSM Alberta LLP for the audit of the Corporation's annual financial statements.
2. Audit-related fees were for assurance and related services rendered which reasonably related to the performance of the audit of the annual consolidated financial statements and are not reported under "Audit Fees" above. These services consisted of accounting consultations for quarterly reporting requirements.
3. Tax fees include tax compliance, tax advice and tax planning professional services.
4. Fees disclosed in the table above under the item "All Other Fees" relate to products and services other than the audit fees, audit-related fees and tax fees.

Exemption

As a venture issuer within the meaning of NI 52-110, the Corporation is relying upon the exemption provided by section 6.1 of NI 52-110, which exempts venture issuers from the requirements of Part 3, *Composition of the Audit Committee* and Part 5, *Reporting Obligations* of NI 52-110.

MANAGEMENT CONTRACTS

Management functions of the Corporation are substantially performed by directors or senior officers of the Corporation and not, to any substantial degree, by any other person with whom the Corporation has contracted.

PARTICULARS OF MATTERS TO BE ACTED ON

Financial Statements

The audited financial statements of the Corporation for the fiscal year ended September 30, 2021, including the auditors' report thereon, will be presented to the Shareholders at the Meeting, copies of which will be available at the Meeting and have also been filed and can be accessed on SEDAR (System for Electronic Data Analysis and Retrieval) at www.sedar.com.

Election of Directors

The Articles of the Corporation provide that the number of directors shall be a minimum of one and a maximum of 15. The Board currently consists of four (4) directors, all of whom are elected annually. At the Meeting, the Shareholders will be asked to fix the number of Directors at five (5) members. It is proposed that the persons named below will be nominated at the Meeting. Each director elected will serve until the next annual general meeting, or until their respective successors have been elected or appointed. A Shareholder may vote for all of the directors, vote for some of them and withhold votes for others, or withhold votes for all of them. **Unless otherwise directed, it is the intention of the management designee, if named as proxy, to vote for the election of said persons to the Board. Management does not contemplate that any of the nominees will be unable to serve as a director;**

however, if, for any reason, any of the proposed nominees do not stand for election or are unable to serve as such, proxies in favour of the management designee will be voted for another nominee in his discretion unless the Shareholder has specified in his or her proxy that his or her Shares are to be withheld from voting in the election of directors.

The following table states the names of all persons proposed to be nominated for election as director, all other positions and offices with the Corporation now held by them, their principal occupations or employment currently and for the past five years, the date on which they became directors of the Corporation, and the number of shares in the capital of the Corporation owned by them, directly or indirectly, or over which they exercise control or direction:

Name and Municipality of Residence and Office Held, if any	Present Principal Occupation	Date First Elected as a Director	Number of Voting Shares Beneficially Owned, Directly or Indirectly, or Controlled by Proposed Director
Hugh Zhen ⁽¹⁾ Burnaby, British Columbia, Canada Chairman of the Board, President and Chief Executive Officer	Vice President of Marketing of Reco Decoration Group Inc. from 1996 to June 25, 2004. President of Reco Decoration Group Inc. from June 25, 2004 to present. Vice President of Marketing of the Corporation from December 10, 2003 to August 4, 2004. President, Chief Executive Officer and Chairman of the Board of the Corporation from August 4, 2004 to present.	August 28, 2003	11,974,679
Lyn T. Jones ⁽¹⁾ Delta, British Columbia, Canada	Principal of Lyn T. Jones & Associates Design Consultants from 1978 to present; In-house interior designer with Musson Cattell and Associates Architects from 1975 to 1978.	September 8, 2006	500,000
David A. Malicki ⁽¹⁾ Vancouver, British Columbia Canada	Barrister & Solicitor since May 1996; Owner of Aardvark Forest Services from August 2009 to February 2012; Program coordinator with Langara College in Vancouver, British Columbia from March 2007 to April 2009. Legal Department Head of the Canadian Overseas Immigration and Business Services Position from September 2003 to March 2007.	January 21, 2008	500,000
Hubert Lau Edmonton, Alberta Canada	President and Chief Executive Officer of TrustBIX Inc., a publicly trading company on the TSX Venture Exchange, since April 15, 2019; prior to this he was President of Ekota Central Ltd.	To Be Elected	250,000
James M. Smith Longwood, Florida United States	Real Estate investor with over 40 years of experience.	To Be Elected	Nil

Notes:

(1) Member of the audit committee.

The information as to Shares owned indirectly or over which control, or discretion is exercised by the directors and officers, but, which are not registered in their names, not being within the knowledge of the Corporation, has been furnished by such Directors and executive officers.

Other than as set forth in the foregoing, no proposed director of the Corporation is, or within the 10 years before the date of this Information Circular has been, a director, chief executive officer or chief financial officer of any company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

No proposed director of the Corporation has, within the 10 years before the date of this Information 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.

Appointment of Auditors

The management of the Corporation proposes that RSM Alberta LLP (“RSM”) be appointed as auditors of the Corporation for the ensuing year or until their successor is appointed and that the directors be authorized to fix their remuneration. RSM was appointed auditor of Corporation effective as at December 20, 2018.

The Shareholders will be asked at the meeting to vote for the appointment of RSM as the auditors of the Corporation for the ensuing year and to authorize the Directors to fix their remuneration. Unless otherwise directed, Shares representing proxies in favour of management nominees will be voted in favour of the appointment of RSM, 2500 Bell Tower, 10104 – 103 Avenue Edmonton, Alberta, T5J 0H8 as auditors of the Corporation to hold office until the next annual general meeting of the Shareholders, or until their successors are duly elected or appointed, and to authorize the Board to fix their remuneration.

Approval of 20% Fixed Stock Option Plan

The Corporation adopted, on March 15, 2019, a 20% fixed stock option plan (the “Stock Option Plan”) for officers, directors, employees and consultants. In accordance with the Stock Option Plan, the directors may reserve a maximum of 5,127,127 common shares of the Corporation for issuance. The criteria used to determine eligibility for granting option based awards, including the term of each option and the vesting of each option is at the discretion of the Corporation’s Board of Directors based upon the individual’s level of responsibility, performance and comparative levels of compensation, and previous grants awarded. The Corporation is seeking Shareholder approval to replace the existing Stock Option Plan with a new 20% fixed stock option plan to permit the issuance of up to 9,927,127 common shares of the Corporation, representing 20% of the 49,635,635 common shares issued and outstanding as at the date hereof (the “2022 Stock Option Plan”),

A copy of the form of the 2022 Stock Option Plan is attached hereto as Schedule “B” and the highlights are as follows:

1. options may be granted to directors, employees, management company employees and consultants;
2. the exercise price of options granted shall be determined by the board of directors in accordance with the policies of the TSX Venture Exchange;
3. the aggregate number of shares that may be available for issuance, from time to time, under the Stock Option Plan shall not exceed 9,927,127 or 20% of the issued and outstanding shares of the Corporation as at the date hereof; no single participant may be issued options representing greater than five (5%) percent of the number of outstanding shares in any 12 month period unless the Corporation has obtained disinterested shareholder approval; the number of Shares reserved under option for issuance to any one consultant of the Corporation may not exceed two (2%) percent of the number of outstanding Shares in any 12 month period;
4. the aggregate number of options granted to all persons employed in investor relation activities must not exceed two (2%) percent of the outstanding Shares in any 12 month period unless the TSXV permits otherwise. Options issued to consultants providing investor relations services must vest in stages over 12 months with no more than one quarter of the options vesting in any three month period;
5. the Board may determine the term of the options, but the term shall in no event be greater than ten years from the date of issuance;
6. terms of vesting of the options, the eligibility of directors, officers, employees, management company employees and consultants to receive options and the number of options issued to each participant shall be determined at the discretion of the Board of Directors, subject to the policies of the TSX Venture Exchange.

Shareholders will be asked to approve the following resolution:

“BE IT RESOLVED THAT:

1. The 2022 Stock Option Plan of the Corporation, under which the directors may allocate up to a maximum of 9,927,127 Common Shares, being an amount equal to but not exceeding twenty percent (20%) of the Corporation's issued and outstanding listed Common Shares as at the date hereof, as described in the Management Information Circular dated May 31, 2022 and substantially in the form attached as Schedule “B”, be and it is hereby approved.
2. Any one or more of the directors or senior officers of the Corporation be and is hereby authorized and directed to perform all such acts, deeds and things and execute, under the seal of the Corporation, or otherwise, all such documents and other writings as may be required to give effect to the true intent of this resolution.”

In accordance with the policies of the TSX Venture Exchange, the 2022 Stock Option Plan must be approved by the majority of the votes cast with respect to the Meeting on the resolution.

Shareholder Approval of By-Laws

At the Meeting, the Shareholders of the Corporation will be asked to consider, and if deemed advisable, confirm, ratify and approve the adoption of, with or without variation, an ordinary resolution to replace the Corporation's existing bylaws with By-Law No. 1, By-Law No. 2 and By-Law No. 3 (collectively the “By-

Laws”) in the form presented in Schedule “C” attached to this Information Circular. These By-Laws are in respect of the following:

- i. By-Law No. 1: in respect of the transaction of business and affairs of the Corporation;
- ii. By-Law No. 2; in respect of the borrowing of money, the issuing of securities and the securing of liabilities by the Corporation; and
- iii. By-Law No. 3: in respect of the advance notice of annual or special meetings of the Shareholders of the Corporation for the purpose of nominating directors.

These By-Laws were adopted by the Directors of the Corporation by resolution dated May 25, 2022. Shareholders should read Schedule “C” attached to this Information Circular which provides the full text of the By-Laws to be approved and adopted.

Accordingly, the Corporation requests the Shareholders to consider, and if thought advisable, to confirm, ratify and approve an ordinary resolution substantially in the form set forth below:

“BE IT RESOLVED THAT:

1. The By-Laws as set forth in Schedule “C” attached to this Information Circular are hereby adopted as the By-Laws of the Corporation; and
2. The proper officers of the Corporation are hereby authorized to do such acts and execute all instruments and documents necessary or desirable to carry out the foregoing.”

ADDITIONAL INFORMATION

Additional information relating to the Corporation is on SEDAR at **www.sedar.com**.

Shareholders may contact the Corporation to request copies of the Corporation’s financial statements and management discussion and analysis as follows:

Reco International Group Inc.
Attention: Corporate Secretary
c/o #100 – 2051 Viceroy Place
Richmond, British Columbia
V6V 1Y9

Financial information is provided in the Corporation’s comparative financial statements and management discussion and analysis for the financial year ended September 30, 2021.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

1. **Role of Audit Committee**

The role of the Audit Committee is to assist the Board of Directors (the "Board") in its oversight of the Corporation's financial reporting process, including its internal controls and procedures for accounting and financial reporting, reviewing the independence, qualifications and performance of the external auditor, and monitoring compliance with laws and regulations. The Audit Committee monitors and reviews these processes by working closely with the senior organization staff members and the external auditors of the organization.

2. **Structure and Organization**

- a. **Size** – The Audit Committee will consist of a minimum of three directors. These members will be appointed by the Board and may be removed at any time by resolution of the Board in its discretion. A member of the Audit Committee shall automatically cease to be a member of the Audit Committee upon ceasing to be a director of the Corporation.
- b. **Qualifications** – Except as may be permitted by applicable securities laws, all members of the Audit Committee must be “financially literate” i.e., have the ability to read and understand a balance sheet, an income statement and a cash flow statement. At least one member of the Audit Committee should have “accounting or related financial expertise”, i.e., the ability to analyze and interpret a full set of financial statements, including the attached notes, in accordance with Canadian generally accepted accounting principles.
- c. **Meetings** – The Committee will meet at least three times a year.
- d. **Appointment of Chairperson** – The Audit Committee will appoint a Chairperson by a majority vote and the Chairperson shall have a second and deciding vote in the event of a tie. In the absence of the Chairperson at any meeting, the Audit Committee shall appoint one of its members to act as Chairperson at that meeting.

3. **Authority and Responsibilities**

The Audit Committee has the following authority and responsibilities to allow for the carrying out of its goals:

- a. **Internal Control**
 - i. Review the results of both internal and external audits and ensure that significant findings and recommendations are received, discussed, and acted upon in a timely manner.
 - ii. Review the policies and procedures for considering senior management’s expenses and prerequisites.
 - iii. Perform other governance functions as requested by the Board.

- iv. Review, with management, the external auditor and others, as appropriate, the Corporation's internal system of audit controls and the procedures that are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and the Audit Committee shall periodically assess the adequacy of such procedures.
- v. Review periodically the Audit Committee Charter and provide the Board with an annual evaluation of the adequacy of this Charter and recommend any proposed changes for Board approval.

b. Accounting and Financial Reporting

- i. Review, and, if necessary, discuss with management and the external auditor, prior to the public disclosure thereof, the following:
 - Annual and interim financial statements
 - Management's discussion and analysis
 - Auditor's opinions
 - Management letters
 - Annual reports
 - Annual and interim earnings press releases and any other releases containing information derived or taken from the Corporation's financial statements prior to their release.
- ii. Review significant financial policies, accounting issues and standards and reporting issues, including their impact on the financial statements.
- iii. Review and monitor the Corporation's major financial risks and risk management policies and the steps taken by management to mitigate those risks.

c. Internal Auditing

- i. Review the internal auditor's functions, objectives, scope of work, staffing plans, financial budget, and audit plans, including assessment of audit risk.
- ii. Ensure management takes appropriate corrective action in response to recommendations made in internal audit reports.

d. External Audit

- i. Recommend to the Board, for shareholder approval, the external auditor to examine the Corporation's accounts, controls and financial statements, and to provide an auditor's report.
- ii. Review, at least annually, the qualifications of the external auditor and to monitor and review, at least annually, the relationship of the Corporation and the external auditor to confirm the independence of the external auditor.
- iii. Recommend to the Board the compensation of the external auditor.

- iv. Evaluate and oversee the audit services provided by the external auditor, pre-approve all audit fees and recommend to the Board, if necessary, the replacement of the external auditor.
- v. Enquire into and determine the appropriate resolution of any conflict of interest in respect of the external auditor.
- vi. Oversee the resolution of disagreements between management and the external auditor regarding financial reporting.
- vii. Pre-approve any non-audit services to be provided to the Corporation or its subsidiaries by the external auditor and the fees for those services.
- viii. Obtain and review, at least annually, a written report by the external auditor setting out the auditor's internal quality-control procedures, any material issues raised by the external auditor's internal quality-control reviews and the steps taken to resolve those issues.
- ix. Review and approve hiring policies regarding partners, employees and former partners and employees of the Corporation's present and former external auditor.

e. Compliance with Laws and Regulations

- i. Review the effectiveness of the system for monitoring compliance with laws and regulations, including reports by internal auditors.

f. Procedure for Handling Complaints about Accounting Matters

- i. Complaints regarding accounting, internal accounting controls, or auditing matters can be mailed in to the Corporation's Head Office, Attention: Chairperson of the Audit Committee and marked "Private and Confidential".
- ii. Audit Committee members will receive a copy of all complaints and each complaint will be investigated by the Corporation's finance staff, unless otherwise directed by the Audit Committee.
- iii. The status of each complaint will be reported to the Audit Committee by the Chairperson on a quarterly basis and, if the Audit Committee so directs, to the full Board.
- iv. Any director, officer or employee of the Corporation is prohibited from retaliating or taking any adverse action against anyone for raising or helping to resolve a complaint.
- v. Audit Committee Members shall treat as confidential all complaints received by them, including the identity of any complainants who have submitted such complaints, and shall only disclose such complaints and the identity of such complainants to the President and Chief Executive Officer, the Chief Financial Officer, the Corporation's finance staff who are involved in the investigation of complaints, the Board of Directors of the Corporation, the legal, accounting or other advisers of the Corporation, any outside advisers appointed by the Chairperson of the

Audit Committee to investigate complaints and such other persons as may be reasonably required in the investigation of a complaint. All persons will be required to keep this information confidential. Despite this confidentiality, disclosure may be required pursuant to legal proceedings or applicable laws.

g. Independent Counsel

- i The Audit Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties, to set and pay the compensation for any advisors employed by the Audit Committee and to communicate directly with the internal and external auditors.

SCHEDULE "B"
STOCK OPTION PLAN

DIRECTORS', MANAGEMENT, EMPLOYEES' AND CONSULTANTS' STOCK OPTION PLAN

PART 1 – INTRODUCTION

1.1 Purpose

The purpose of the Plan is to secure for the Corporation and its shareholders the benefits of incentives inherent in share ownership by the directors, management, employees and consultants of the Corporation who, in the judgment of the Board, will contribute to its future growth and success. It is generally recognized that a stock option plan of the nature provided for herein aids the Corporation in retaining and encouraging directors, management, employees and consultants who are considered as potential key contributors to the success of the Corporation, by providing to them the opportunity to acquire a proprietary interest in the Corporation.

1.2 Definitions

Whenever used herein, the following words and expressions shall have the following meanings, namely:

1.2.1 "Affiliate" means the following:

a Company is an Affiliate of another Company if:

- (a) one of them is the subsidiary (as such term is described in the *Business Corporations Act* (Alberta)) of the other; or
- (b) each of them is controlled by the same Person.

In addition, a Company is "controlled" by a Person if:

- (a) voting shares of the Company are held, directly or indirectly, other than by way of security only, by or for the benefit of that Person; and
- (b) the voting shares, if voted, entitle the Person to elect a majority of the directors of the Company.

1.2.2 "Board" means the board of directors of the Corporation as it may be constituted from time to time;

1.2.3 "Consultant Company" means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;

1.2.4 "Company" means, unless specifically indicated otherwise, a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

1.2.5 "Corporation" means Reco International Group Inc., a corporation incorporated under the laws of the Province of Alberta;

- 1.2.6 "Eligible Consultant" means, in relation to the Corporation, an individual or Consultant Company, other than an Eligible Employee or an Eligible Director of the Corporation that:
- (a) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or to an Affiliate of the Corporation, other than services provided in relation to a Distribution (as defined in the *Securities Act* (Alberta));
 - (b) provides the services under a written contract between the Corporation or the Affiliate of the Corporation, and the individual or the Consulting Company;
 - (c) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the business and affairs of the Corporation or an Affiliate of the Corporation; and
 - (d) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation;
- 1.2.7 "Eligible Director" means a director of the Corporation or a director of an Affiliate of the Corporation to whom stock options can be granted in reliance on a prospectus exemption under applicable securities laws;
- 1.2.8 "Eligible Employee" means:
- (a) an individual who is considered an employee of the Corporation or an Affiliate of the Corporation under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and CPP deductions must be made at the source);
 - (b) an individual who works full-time for the Corporation or an Affiliate of the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at the source; or
 - (c) an individual who works for the Corporation or an Affiliate of the Corporation on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at the source;
- 1.2.9 "Eligible Management Company Employee" means a Management Company Employee of the Corporation or a Management Company Employee of an Affiliate of the Corporation to whom stock options can be granted in reliance on a prospectus exemption under applicable securities laws;
- 1.2.10 "Eligible Member of Management" means any senior officer of the Corporation or a senior officer of an Affiliate of the Corporation to whom stock options can be granted in reliance on a prospectus exemption under applicable securities laws;
- 1.2.11 "Eligible Participant" means Eligible Consultants, Eligible Directors, Eligible Employees, Eligible Management Company Employees and Eligible Members of Management;

1.2.12 "Exchange" means any exchange upon which the Shares may be listed from time to time;

1.2.13 "Insider" of the Corporation means:

- (a) an insider as defined in the *Securities Act* (Alberta), other than a person who falls within that definition solely by virtue of being a director or senior officer of a subsidiary of the Corporation; and
- (b) an Associate (as such term is defined in the *Securities Act* (Alberta)) of any person who is an Insider by virtue of subparagraph (a);

1.2.14 "Investor Relations Activities" means any activities by or on behalf of the Corporation or a shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:

- (a) the dissemination of information provided, or records prepared, in the ordinary course of the Corporation:
 - (i) to promote the sale of products and services of the Corporation; or
 - (ii) to raise public awareness of the issuer;that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;
- (b) activities or communications necessary to comply with the requirements of:
 - (i) applicable securities laws; or
 - (ii) the by-laws, rules, policies, or other regulatory instruments of any self-regulatory body or exchange having jurisdiction over the Corporation;
- (c) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:
 - (i) the communication is only through the newspaper, magazine or publication; and
 - (ii) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
- (d) activities or communications that may be otherwise specified by any exchange having jurisdiction over the Corporation;

1.2.15 "Management Company Employee" means an individual employed by a Person providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a Person engaged in Investor Relations Activities;

1.2.16 "Option" means an option granted under the terms of the Plan;

1.2.17 "Option Agreement" means the form of option agreement attached hereto as Schedule "A";

- 1.2.18 "Option Period" means the period during which an Option may be exercised;
- 1.2.19 "Optionee" means an Eligible Employee, Eligible Director, Eligible Member of Management or Eligible Consultant to whom an Option has been granted under the terms of the Plan;
- 1.2.20 "Participant" means an Eligible Consultant, Eligible Director, Eligible Employee, Eligible Management Company Employee or Eligible Member of Management who elects to participate in the Plan;
- 1.2.21 "Person" means a Company or an individual;
- 1.2.22 "Plan" means the plan established and operated pursuant to the terms hereof; and
- 1.2.23 "Shares" means the common shares of the Corporation from time to time authorized by the charter documents of the Corporation.

PART 2 - STOCK OPTION PLAN

2.1 Participation

Options shall be granted only to Eligible Participants.

2.2 Determination of Option Recipients

The Board, or the President, if duly authorized by the Board, shall make all necessary or desirable determinations regarding the granting of Options to Eligible Participants and may take into consideration the present and potential contributions of a particular Eligible Participant to the success of the Corporation and any other factors which it may deem proper and relevant.

2.3 Price

The exercise price per Share shall be determined from time to time by the Board but, in any event, shall not be lower than the lowest exercise price permitted by any Exchange, if applicable.

Options granted to Insiders or with a discounted exercise price will be legended with an Exchange four (4) month hold period where and as applicable, and any Shares issued under the Options that are exercised prior to the expiry of the hold period will be legended commencing on the date the Options were granted.

Disinterested Shareholder approval will be obtained for any reduction in the exercise price if the Optionee is an insider of the Corporation at the time of the proposed amendment to reduce the exercise price.

2.4 Grant of Options

The Board, or the President, if duly authorized by the Board, may at any time authorize the granting of Options to Eligible Participants as it may select for the number of Shares that it shall designate, subject to the provisions of the Plan. The Board, or the President, if duly authorized by the Board, at its or his discretion, may grant options on such terms and conditions as it or he considers appropriate provided that such terms and conditions are not inconsistent with the Plan and the policies of the Exchange, if applicable.

Each Option granted to an Eligible Participant shall be evidenced by an Option Agreement with terms and conditions consistent with the Plan and as approved by the Board or the President if duly authorized (which terms and conditions need not be the same in each case and may be changed from time to time).

2.5 Terms of Options and Vesting

The Option Period shall be of such length as is determined by the Board but in any event shall not be greater than a period of ten (10) years after the date such Option is granted and may be reduced with respect to any such Option as provided in Section 2.8 hereof.

Subject to the other terms and conditions of this Plan, Options shall have such equitable vesting provisions as determined by the Board from time to time, provided that Options granted to Optionees who perform Investor Relations Activities must vest in stages over twelve (12) months with no more than one-quarter (1/4) of the options vesting in any three (3) month period.

Any Options remaining unexercised after they became eligible for exercise may be exercised in whole or in part at any time during the remainder of the Option Period.

Except as set forth in Section 2.8 hereof, no Option may be exercised unless the Options have been vested and the Optionee is at the time of such exercise a bona fide Eligible Participant.

No Option may be granted to an Eligible Employee, Eligible Consultant or an Eligible Management Company Employee unless such person is a bona fide Eligible Employee, Eligible Consultant or an Eligible Management Company Employee.

The exercise of any Option will be contingent upon receipt by the Corporation of payment of the full purchase price for the Shares being purchased in cash or in some other manner acceptable to the Corporation and in compliance with applicable laws. No Optionee or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any Shares subject to an Option, unless and until certificates for such Shares are issued to him or them under the terms of the Plan.

2.6 Lapsed Option

If Options are surrendered, terminated or expire without being exercised in whole or in part, new Options may be granted covering the Shares not purchased under such lapsed Options to the extent permitted by the Exchange, if applicable.

2.7 Black-Out Period

If the Corporation self-imposes a blackout period (i.e., preceding the release of financial results) preventing an Optionee from exercising his/her Options before the end of the Option Period, the Option Period shall automatically be extended for ten (10) days following the last day of a blackout period.

2.8 Effect of Termination of Employment or Death

2.8.1 If an Optionee shall die while an Eligible Employee, Eligible Director, Eligible Consultant (if an individual), Eligible Member of Management or Eligible Management Company Employee, any vested Option held by him at the date of death shall be exercisable, but only by the person or persons to whom the Optionee's rights under the

Option shall pass by the Optionee's will or the laws of descent and distribution. All such Options shall be exercisable only for a period of one (1) year after the date of death or prior to the expiration of the Option Period in respect thereof, whichever is sooner.

- 2.8.2 If an Optionee ceased to be an Eligible Participant for cause, no Option held by such Optionee may be exercised following the date on which such Optionee ceases to be an Eligible Participant.
- 2.8.3. If an Optionee ceased to be an Eligible Participant for any reason other than cause or death, any vested Option held by such Optionee may be exercised only for a period of ninety (90) days after the date on which such Optionee ceases to be an Eligible Participant.
- 2.8.4 If an Optionee who is an Eligible Consultant ceased to be retained by the Corporation by virtue of a breach of the consulting agreement, no Option held by such Eligible Consultant may be exercised following such breach.

2.9 Effect of Takeover Bid

If a bona fide offer:

- (a) is made to all shareholders of the Corporation for the Shares, which offer, if accepted in whole or part, would result in the offeror exercising control over the Corporation within the meaning of the Securities Act (Alberta);
- (b) is made for all or substantially all of the assets of the Corporation (as such concept is interpreted under the Business Corporations Act (Alberta)); or
- (c) is made for a proposed transaction which a majority of the Board determines is reasonably likely to have a similar effect as either of the transactions referred to in Sections 2.9(a) or (b) hereof,

(collectively, the "Offer"),

then the Corporation shall, immediately upon receipt of notice of the Offer, notify each Optionee currently holding an Option of the Offer, with full particulars thereof; whereupon, notwithstanding that such Option may not be fully vested at such time in accordance with Section 2.5 hereof, such Option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender or to vote, as applicable, the Shares received upon such exercise (the "Optioned Shares") pursuant to the Offer. If:

- 2.9.1 the Offer is withdrawn by the offeror;
- 2.9.2 the Optionee does not tender the Optioned Shares pursuant to the Offer, if applicable;
- 2.9.3 all of the Optioned Shares tendered by the Optionee pursuant to the Offer are not taken up and paid for by the offeror in respect thereof, if applicable; or
- 2.9.4 the sale or reorganization does not close in accordance with its terms,

then the Optioned Shares or, in the case of Section 2.9.3 hereof, the Optioned Shares that are not taken up and paid for, shall be returned by the Optionee to the Corporation and reinstated as authorized but

unissued Shares and the terms of the Option as set forth in Section 2.5 hereof shall again apply to the Option. If any Optioned Shares are returned to the Corporation under this Section, the Corporation shall refund the exercise price to the Optionee for such Optioned Shares. In no event shall the Optionee be entitled to sell the Optioned Shares otherwise than pursuant to the Offer (in the case of an Offer pursuant to Section 2.9(a) hereof) or to sell the Optioned Shares prior to the closing of any transaction (in the case of an Offer pursuant to Section 2.9(b) or (c) hereof).

2.10 Effect of Amalgamation, Consolidation or Merger

If the Corporation amalgamates, consolidates or merges with or into another corporation, any Shares receivable on the exercise of an Option shall be converted into the securities, property or cash which the Participant would have received upon such amalgamation, consolidation or merger if the Participant had exercised his Option immediately prior to the record date applicable to such amalgamation, consolidation or merger, and the Option price shall be adjusted appropriately by the Board and such adjustment shall be binding for all purposes of the Plan.

2.11 Adjustment in Shares Subject to the Plan

If there is any change in the Shares through a consolidation, subdivision or reclassification of Shares, or otherwise, the number of Shares available under the Plan, the Shares subject to any Option, and the purchase price thereof shall be adjusted appropriately by the Board and such adjustment shall be effective and binding for all purposes of the Plan.

2.12 Approval

The terms of the Options granted from time to time hereunder, and the Optionees to whom Options are granted, are subject, if applicable, to any Exchange accepting notice of such terms and proposed Optionees.

PART 3 - GENERAL

3.1 Number of Shares

The aggregate number of Shares that may be available for issuance, from time to time, under the Plan shall not exceed 9,927,127. In addition, the aggregate number of Shares so available for issuance under the Plan to any one Eligible Participant, other than Eligible Consultants, in any 12 month period shall not exceed five (5%) percent of the issued Shares calculated at the time of grant of the Option, unless the Corporation has obtained disinterested shareholder approval. For Insiders, as a group, the aggregate number of Shares must not exceed ten (10%) percent of the issued Shares in any 12 month period unless the Corporation has obtained disinterested shareholder approval and a press release has been issued disclosing the grant of options. The aggregate number of Shares so available for issuance under the Plan to any one Eligible Consultant in any 12 month period shall not exceed two (2%) percent of all issued shares calculated at the time of the grant of any Option. The aggregate number of Options so available for issuance under the Plan in any 12 month period to all Eligible Employees conducting Investor Relations Activities shall not exceed two (2%) percent of all issued shares calculated at the time of the grant of the Option and a press release has been issued.

3.2 Transferability

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be assignable or transferable unless specifically provided herein. During the lifetime of a Participant all such benefits, rights and options may only be exercised by the Participant.

3.3 Employment

Nothing contained in the Plan shall confer upon any Participant any right with respect to employment or continuance of employment or any retainer with the Corporation or interfere in any way with the right of the Corporation to terminate the Participant's employment or retainer at any time.

Participation in the Plan by a Participant is voluntary.

3.4 Record Keeping

The Corporation shall maintain a register in which shall be recorded:

3.4.1 the name and address of each Participant; and

3.4.2 the number of Options granted to a Participant and the number of Options outstanding.

3.5 Necessary Approvals

The obligation of the Corporation to issue and deliver Shares in accordance with the Plan is subject to the approval of any regulatory body having jurisdiction, which may be required in connection with the authorization or issuance of such Shares by the Corporation. If any Shares cannot be issued to any Participant for any reason including, without limitation, the failure to obtain such approval, then the obligation of the Corporation to issue such Shares shall terminate and any Option price paid to the Corporation shall be returned to the Participant.

3.6 Administration of the Plan

The Board is authorized to interpret the Plan from time to time and to adopt, amend and rescind rules and regulations for carrying out the Plan. The interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate directors and/or officers of the Corporation and all costs in respect thereof shall be paid by the Corporation.

3.7 Income Taxes

As a condition of the Plan, the Corporation will withhold from any remuneration otherwise payable to such Participant any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of such participation in the Plan.

3.8 Amendments to Plan

The Board reserves the right to amend, modify or terminate the Plan at any time if and when it is advisable in the absolute discretion of the Board. Any amendment to any provision of the Plan shall be subject to approval, if applicable and if required, by any regulatory body having jurisdiction over the

securities of the Corporation and, if required, by the shareholders of the Corporation in the manner prescribed by any regulatory body having jurisdiction from time to time.

Any reduction to the exercise price of an Option held by an Insider shall require such approvals as may be required by any regulatory body having jurisdiction.

3.9 Representation or Warranty

The Corporation makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

3.10 Governing Law

Except as otherwise set forth herein, the Plan shall be governed by the laws of the Province of Alberta excluding any conflicts of law, rule or principle which might refer such construction to the laws of another jurisdiction.

3.11 Interpretation

Words used herein importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders.

3.12 Compliance with Applicable Laws

If any provision of the Plan or any agreement entered into pursuant to the Plan contravenes any law or any order, policy, by law or regulation of any Exchange, if applicable, or any regulatory body having authority over the Corporation or the Plan then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

SCHEDULE "A"
(To the Stock Option Plan)

RECO INTERNATIONAL GROUP INC.
(the "Corporation")

STOCK OPTION AGREEMENT

THIS AGREEMENT made as of the ● day of ●, 200●.

BETWEEN:

●, a resident at the address set out in Part 11 hereof
(herein referred to as the "Optionee")

OF THE FIRST PART

RECO INTERNATIONAL GROUP INC., a body corporate,
amalgamated under the laws of the Province of Alberta
(herein referred to as the "Corporation")

OF THE SECOND PART

WHEREAS the Corporation has established a Stock Option Plan (hereinafter referred to as the "Plan") for the granting of stock options, a copy of which has been provided to the Optionee;

AND WHEREAS the Board of Directors of the Corporation has authorized the granting to the Optionee pursuant to the Plan of an option to purchase common shares in the authorized unissued share capital of the Corporation in the number, at the time, at and for the price and upon the other terms and conditions hereinafter contained;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants and premises herein set forth, and for other good and valuable consideration (the receipt whereof is hereby acknowledged by the Corporation), the parties hereto agree as follows:

Item 1 DEFINITIONS AND INTERPRETATION

1.1 In this Agreement, the following words and expressions, shall have the following:

- a) "Expiration Date" shall mean ●, 200●;
- b) "Option" means the option to purchase Shares granted to the Optionee pursuant to this Agreement, and includes any portion of that option;
- c) "Option Period" means the period during which an Option may be exercised;
- d) "Option Shares" means the Shares the Optionee is entitled to purchase under this Agreement; and
- e) "Share" means a common share of the Corporation as constituted on the date hereof.

Item 2 GRANT OF OPTION

- 2.1 The Corporation hereby grants to the Optionee, subject to the terms and conditions hereinafter set out, an Option to purchase up to ● Shares of the Corporation at a price of \$● per Share.
- 2.2 The Option is granted in accordance with and subject to the terms and conditions of the Plan.
- 2.3 The Option to purchase the Option Shares granted hereby may be exercised in accordance with the terms hereof and the Plan until the Expiration Date, as follows:
- a) the Optionee may exercise his rights as to ●% of the Shares under option, or any lesser part thereof, on or after the day that is ● (●) months from the date of the grant under this Stock Option Agreement;
 - b) the Optionee may exercise his rights to an additional ●% of the Shares under option, or any lesser part thereof, on or after the day that is ● (●) months from the date of the grant under this Stock Option Agreement;
 - c) the Optionee may exercise his rights to an additional ●% of the Shares under option, or any lesser part thereof, on or after the day that is ● (●) months from the date of the grant under this Stock Option Agreement; and
 - d) the Optionee may exercise his rights as to the final ●% of the Shares under option, or any lesser part thereof, on or after the day that is ●(●) months from the date of the grant under this Stock Option Agreement.
- 2.4 Subject to sooner termination in accordance with the terms of the Plan, the Option shall expire and terminate upon the Expiration Date as to such of the Option Shares in respect of which the Option has not then been exercised.

Item 3 RESERVATION OF SHARES

- 3.1 The Corporation shall at all times during the term of this Agreement, keep available a sufficient number of unissued Shares in its authorized capital equal to those of the Option Shares which have not been issued.

Item 4 ASSIGNMENT OF ENUREMENT

- 4.1 The Option is personal to the Optionee and is non-assignable and non-transferable and neither this Agreement nor any rights hereunder shall be transferable or assignable by the Optionee except as expressly permitted under the terms of the Plan.
- 4.2 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their permitted successors and assigns.

Item 5 EXERCISE OF THE OPTION

- 5.1 The Option may be exercised by the Optionee by delivery of written notice of such exercise and by tendering therewith payment for the purchase price of the Option Shares to be purchased in cash, certified cheque or bank draft and that is permitted by law, to the Corporation at its principal office in the City of Edmonton, in the Province of Alberta, or at such other place as may

be directed by notice in writing from the Corporation to the Optionee from time to time. Such notice shall state the number of Option Shares with respect to which the Option is then being exercised. The Option shall be deemed for all purposes to have been exercised to the extent stated in such notice upon delivery of the notice and a tender of payment in full for the Option Shares being purchased notwithstanding any delay in the issuance and delivery of the certificate(s) for the Shares so purchased. The Corporation shall, within a reasonable period of time, issue the Shares so purchased in the name of the Optionee and deliver the certificate(s) therefor to the Optionee.

Item 6 RIGHTS OF THE OPTIONEE PRIOR TO THE EXERCISE DATE

- 6.1 The Option herein granted shall not entitle the Optionee to any right whatsoever as a shareholder of the Corporation with respect to any Shares subject to the Option until it has been exercised and the Option Shares thereby purchased have been issued as fully paid and non-assessable.
- 6.2 Nothing contained in this Agreement or done pursuant hereto shall obligate the Optionee to purchase and/or pay for any Option Shares except those Option Shares in respect of which the Optionee shall have validly exercised this Option.

Item 7 REGULATORY APPROVAL

- 7.1 Notwithstanding anything to the contrary in this Agreement, the Optionee hereby agrees that he will not exercise the Option, and that the Corporation will not be obliged to issue any Shares hereunder, if the exercise of the Option or the issuance of the Shares shall constitute a violation by the Optionee or the Corporation of any provision of any law or regulation or of any order, regulation, policy or rule of any governmental authority, regulatory body or stock exchange. Any determination in this connection made by the Board of Directors of the Corporation shall be final, binding and conclusive.
- 7.2 The Corporation shall in no event be obliged, by any act of the Optionee or otherwise, to issue, register or qualify for resale any securities issuable upon exercise of the Option pursuant to a prospectus or similar document or to take any other affirmative action in order to cause the exercise of the Option or the issue or resale of the Shares issuable pursuant thereto to comply with any law or regulation or any order, regulation, policy or rule of any governmental authority, regulatory body or stock exchange; provided that, if applicable, the Corporation shall notify the applicable stock exchange and other appropriate regulatory bodies in Canada of the existence of the Option and any exercise thereof.

Item 8 FURTHER ASSURANCES

- 8.1 The parties hereto covenant that they shall and will from time to time and at all times hereafter do and perform all such acts and things and execute all such deeds, documents and writings as may be required to give effect to the true intent of this Agreement.

Item 9 INTERPRETATION AND GENERAL

- 9.1 It is understood and agreed by the parties hereto that questions may arise as to the interpretation, construction or enforcement of this Agreement or the Plan and the parties are desirous of having the Board of Directors of the Corporation determine any such question or interpretation, construction or enforcement. It is, therefore, understood and agreed by and between the parties hereto that any question arising under the terms of this Agreement or the Plan as to interpretation,

construction or enforcement shall be referred to the Board of Directors of the Corporation and their majority decision shall be final and binding on both of the parties hereto.

- 9.2 Neither the Corporation nor its directors or officers, or any of them, shall be liable to the Optionee or to the Optionee's personal representative by reason of any loss or anticipated loss of economic benefit by reason of any action or event, whether or not concurred in by them, which has the effect of curtailing or abrogating the benefits which have accrued or might have accrued to the Optionee hereunder, including, without limitation, the voluntary or involuntary winding up of the Corporation, the sale of all or substantially all of its assets, the delisting of the Shares from public trading, or any decline in the value of the Shares for any reason whatsoever.
- 9.3 The payment of all income taxes or other taxes or assessments in the nature of taxes levied upon the Optionee as a result of the granting or exercise of the Option shall be solely the responsibility of the Optionee.
- 9.4 In this Agreement, words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders.
- 9.5 This Agreement, including any schedules annexed hereto, constitute the entire agreement between the parties hereto and there are no oral statements, representations, warranties, undertakings or agreements between the parties modifying the provisions of this Agreement. No supplement, amendment, modification, waiver or termination of this Agreement shall be binding unless executed in writing by the parties hereto.
- 9.6 Any term, condition or provision of this Agreement which is deemed to be void, prohibited or unenforceable, shall be severable herefrom, be ineffective to the extent of such avoidance, prohibition or unenforceability without in any way invalidating the remaining terms, conditions and provisions thereof.
- 9.7 The Optionee represents and warrants that he is a bona fide Eligible Participant (as defined in the Plan).
- 9.8 Time shall be of the essence of this Agreement.

Item 10 GOVERNING LAW

- 10.1 Except as otherwise set forth in the Plan, this Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Province of Alberta excluding any conflicts of law, rule or principle which might refer such construction to the laws of another jurisdiction.
- 10.2 Each of the parties hereto hereby irrevocably attorns to the jurisdiction of the Courts of the Province of Alberta and the Supreme Court of Canada.

Item 11 NOTICES

- 11.1 Any notice to be given pursuant to the provisions hereof shall be conclusively deemed to have been given and received by a party hereto and to be effective on the day on which it is delivered to such party at the addresses set forth below (or at such other address that such party shall supply to the other parties in writing) or if sent by mail, on the fifth business day after the day on which mailed, addressed to such party at said address:

(a) If to the Optionee, at

(b) If to the Corporation, at

#100 – 2051 Viceroy Place
Richmond, BC V6V 1Y9

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

SIGNED, SEALED AND DELIVERED)
in the presence of:)
)
)
)

RECO INTERNATIONAL GROUP INC.

Per: _____

Per: _____

SCHEDULE "C"

BYLAWS

BY-LAW NO. 1

A by-law relating generally to
the transaction of the business
and affairs of

RECO INTERNATIONAL GROUP INC.
(hereinafter referred to as the "Corporation")

SHAREHOLDERS

1. Participation in Meeting by Electronic Means - A shareholder or any other person entitled to attend a meeting of shareholders may participate in the meeting by electronic means, telephone or other communication facilities that permit all persons participating in the meeting to hear or otherwise communicate with each other. A person participating in a meeting by such means is deemed to be present at that meeting; and if entitled to vote at the meeting, may vote by such electronic means, telephone or other communication facility that the Corporation has made available for that purpose.

2. Place of Meetings - Meetings of shareholders shall be held in such place inside or outside of Alberta as the directors shall from time to time determine.

3. Procedure at Meetings of Shareholders - The chairman of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed who is present at the meeting: Chairman of the Board, President, or a Vice-President. If no such officer is present within fifteen minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the Secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting.

The chairman of any meeting of the shareholders shall conduct the procedure thereat in all respects and his decision on any matters or things, including, but without in any way limiting the generality of the foregoing, any question regarding the validity or invalidity of any instruments of proxy, shall be conclusive and binding upon the shareholders.

A declaration by the chairman at any meeting that a resolution has been carried or carried unanimously or carried by any particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

The chairman at any meeting of the shareholders may vote as a shareholder but shall not have a second or casting vote in case of an equality of votes.

4. Scrutineers - The chairman at any meeting of shareholders may appoint one or more persons (who may, but need not be shareholders, directors, officers or employees of the Corporation) to act as scrutineers at such meeting.

5. Quorum - If the number of shareholders of the Corporation is two or more, then the quorum for a meeting of the shareholders shall be two (2) individuals personally present, each of whom is either a shareholder entitled to attend and vote at such meeting, a proxy holder appointed by such a shareholder or a duly appointed representative of such a shareholder that is a body corporate, and holding or representing not less than five (5%) percent of the issued shares of the Corporation enjoying voting rights at such meeting. If a quorum is present at the opening of a meeting, the shareholders present in person or represented by proxy and the duly authorized representatives of shareholders that are bodies corporate may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present within one hour from the opening of a meeting of shareholders, the shareholders personally present or represented at the meeting may adjourn the meeting to a fixed time (which time shall be not less than seven (7) days or more than one (1) month from the time of the adjourned meeting) and the same place as the adjourned meeting but may not transact any other business.

6. Meetings Entirely by Electronic Means – Subject to the *Business Corporations Act* (Alberta), if the directors or the shareholders of the Corporation call a meeting of shareholders, the directors or the shareholders as the case may be, may determine that the meeting shall be held entirely by electronic means, telephone or other communication facility that permits all participants to communicate adequately with each other during the meeting.

DIRECTORS

7. Calling Meetings - The Chairman of the Board or the President may at any time, and the Secretary of the Corporation shall, upon the request of a director, summon a meeting of the directors.

8. Place of Meetings - Meetings of the directors or of any committee of directors may be held at any place in or outside Canada.

9. Notice of Meetings - Notice of meetings of the board shall be sent to each director not less than 48 hours before the time when the meeting is to be held. Each newly elected board may without notice hold its first meeting for the purposes of organization and the election and appointment of officers immediately following the meeting of the shareholders at which such board was elected, provided a quorum of directors be present.

10. Quorum for Directors Meetings - The directors may declare the quorum necessary for the transaction of business at their meetings, but until the directors determine otherwise, a majority of directors in office from time to time shall constitute a quorum.

11. Votes to Govern - At all meetings of the board every question shall be decided by a majority of the votes cast on the questions; and in case of an equality of votes the chairman of the meeting shall be entitled to a second or casting vote.

12. Participation in Meeting by Electronic Means - A director may participate in a meeting of directors or of a committee of directors by electronic means, telephone or other communication facilities that permit all persons participating in the meeting to hear each other, and a director participating in such meeting by such means is deemed to be present at the meeting.

OFFICERS

13. Officers - The officers of the Corporation shall be the President and the Secretary. The President and Secretary shall be elected or appointed by the board at the first or any subsequent meeting of the board held after each annual meeting of shareholders. The Board may also elect or appoint at any time and from time to time as officers a Chairman of the Board, one or more Vice-Presidents, one or more Assistant Secretaries, a Treasurer, one or more Assistant Treasurers, or a General Manager and such other officers as the board, from time to time, deem expedient. All officers of the Corporation shall hold office until their successors are chosen and, when necessary, qualified in their stead, subject always to removal by the board at any meeting called for that purpose. All officers shall respectively perform such duties, in addition to those specified herein, as shall, from time to time, be prescribed by the board. The same person may hold more than one office, provided, however, that the offices of President and Vice-President shall not be held by the same person. In case of the absence or inability to act of the Chairman of the Board, the President, any Vice-President, or any other officer of the Corporation, or for any other reason that the board may deem sufficient, the board may delegate all or any of the powers of such officer to any other officer or to any director for the time being, provided that a majority of the board concur therein.

14. Chairman of the Board - A Chairman of the Board may be chosen from among the directors. He shall preside at all meetings of shareholders and at all meetings of the board and he shall have such other powers and duties as the board may determine from time to time by resolution.

15. President - If no chairman of the Board is appointed, or in the absence of the Chairman of the Board, the President shall preside at all meetings of the shareholders and at all meetings of the board. He shall, subject to the authority of the board, be responsible for the management of the business and affairs of the Corporation.

16. Vice-President or Vice-Presidents - The Vice-President or Vice-Presidents shall have such powers and duties as may be assigned to him or them respectively by resolution of the board. In case of absence or disability of the Chairman of the Board and the President, one of the Vice-Presidents may exercise the powers and perform the duties of the Chairman of the Board and the President and, if such Vice-President exercise any of the powers or perform any of the duties of the Chairman of the Board and the President, the absence or disability of the Chairman of the Board and the President shall be presumed.

17. Secretary and Assistant Secretaries - The Secretary shall attend to the giving and service of all notices of the Corporation and shall keep the minutes of all meetings of the shareholders and of the board and of committees of the board in a book or books to be kept for that purpose. He shall keep in safe custody the corporate seal of the Corporation.

Assistant Secretaries may perform the duties of the Secretary delegated to them from time to time by the board or by the Secretary.

18. Treasurer and Assistant Treasurers - The Treasurer shall have general charge of the finances of the Corporation. He shall deposit all monies and other valuable effects of the Corporation in the name and to the credit of the Corporation in such banks or other depositories as the board may from time to time designate by resolution, and shall render to the board, whenever directed by the board, an account of the financial condition of the Corporation and of all his transactions as Treasurer; and as soon as possible after the close of each financial year he shall make

and submit to the board a like report for such financial year. He shall have charge and custody of and be responsible for the keeping of the books of account required to be kept pursuant to the laws governing the Corporation. He shall perform all the acts incidental to the office of Treasurer subject to the control of the board.

Assistant Treasurers may perform any of the duties of the Treasurer delegated to them from time to time by the board or by the Treasurer.

19. Secretary-Treasurer - Whenever the Secretary shall also be the Treasurer he may, at the option of the board, be designated the Secretary-Treasurer.

20. General Manager - The board may appoint from time to time a General Manager of the Corporation. He shall manage the affairs of the Corporation under the supervision of the board and shall exercise such powers as may be prescribed from time to time by resolutions of the board, and such authority may be either general or specific.

INDEMNIFICATION

21. Indemnification of Directors and Officers - The Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation, or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives in the circumstances contemplated by, and to the fullest extent permitted by the *Business Corporations Act* (Alberta).

22. Indemnity of Others - Except as otherwise required by paragraph 19 and subject to paragraph 17, the Corporation may from time to time indemnify and save harmless any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was an employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, agent of or participant in another partnership, joint venture, trust or other enterprise, against expenses (including legal fees), judgements, fines and any amount actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted honestly and in good faith with a view to the best interests of the Corporation, and with respect to any criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that his conduct was lawful. The termination of any action, suit or proceeding by judgement, order, settlement, or conviction, shall not, of itself, create a presumption that the person did not act honestly and in good faith with a view to the best interest of the Corporation, and with respect to any criminal or administrative action or proceeding that is enforced by a monetary penalty, had no reasonable grounds for believing that his conduct was lawful.

23. Successful Defense - To the extent that a person who is or was an employee or agent of the Corporation has achieved complete or substantial success as a defendant in any action, suit or proceeding referred to in paragraph 18, he shall be indemnified against all costs, charges and expenses actually and reasonably incurred by him in connection therewith.

24. Right of Indemnity Not Exclusive - The provisions for indemnification contained in the by-laws of the Corporation shall not be deemed exclusive of any other rights to which those

seeking indemnification may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall enure to the benefit of the heirs, executors and administrators of such a person.

25. No Liability of Directors or Officers for Certain Acts, etc. - To the extent permitted by law, no director or officer for the time being of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the monies of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or corporation with whom or which any monies, securities or effects shall be lodged or deposited or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any monies, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his respective office or trust or in relation thereto unless the same shall happen by or through his failure to act honestly and in good faith with a view to the best interests of the Corporation and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. If any director or officer of the Corporation shall be employed by or shall perform services for the Corporation otherwise than as a director or officer of shall be a member of a firm or a shareholder, director or officer of a company which is employed by or performs services for the Corporation, the fact of his being a director or officer of the Corporation shall not disentitle such director or officer or such firm or company, as the case may be, from receiving proper remuneration for such services.

GENERAL

26. Execution of Instruments - Deeds, transfers assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by any one or more of the directors or officers of the Corporation. In addition, the board may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any signing officer may affix the corporate seal to an instrument requiring the same.

27. Surrender of Share Certificates - In the event that this by-law is adopted to become effective upon the issuance of a Certificate of Continuance of an Alberta corporation, then in such event, the directors are hereby authorized to require any shareholder to surrender all certificates for shares of the Corporation owned by such shareholder for the purpose of having such certificates cancelled and replaced with a new certificate or certificates.

28. Direct Registration of Shareholdings - A registered shareholder of the Corporation may have his or her holdings of shares of the Corporation evidenced by an electronic, book-based, direct registration system or other non-certificated entry or position on the register of shareholders to be kept by the Corporation in place of a physical share certificate pursuant to such a registration system that may be adopted by the Corporation, in conjunction with its transfer agent, as applicable. This by-law shall be read such that a registered holder of shares of the Corporation pursuant to any

such electronic, book-based, direct registration service or other non-certificated entry or position shall be entitled to all of the same benefits, rights, entitlements and shall incur the same duties and obligations as a registered holder of shares evidenced by a physical share certificate. The Corporation and its transfer agent, as applicable, may adopt such policies and procedures and require such documents and evidence as they may determine necessary or desirable in order to facilitate the adoption and maintenance of a share registration system by electronic, book-based, direct registration system or other non-certificated means.

29. Lien of the Corporation - If the articles provide that the Corporation shall have a lien on shares registered in the name of a shareholder indebted to the Corporation, such lien may be enforced, subject to the articles and to any unanimous shareholder agreement, by the sale of the shares thereby affected or by any other action, suit remedy or proceeding authorized or permitted by law or by equity and, pending such enforcement, the Corporation may refuse to register a transfer of the whole or any part of such shares.

30. Interpretation - In this by-law and all other by-laws of the Corporation words importing the singular number only shall include the plural and vice versa; words importing the masculine gender shall include the feminine and neuter genders; words importing persons shall include an individual, partnership, association, body corporate, executor, administrator or legal representative and any number or aggregate of persons; "articles" include the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of continuance, articles of reorganization and articles of revival; "board" shall mean the board of directors of the Corporation; and "meeting of the shareholders" shall mean and include an annual meeting of shareholders and a special meeting of shareholders.

BY-LAW NO. 2

A by-law respecting the borrowing of money,
the issuing of securities and the
securing of liabilities by:

RECO INTERNATIONAL GROUP INC.

(hereinafter referred to as the “Corporation”)

BE IT ENACTED as a by-law of the Corporation as follows:

1. The board of directors may from time to time on behalf of the Corporation, without authorization of the shareholders:
 - (a) borrow money upon the credit of the Corporation;
 - (b) issue, reissue, sell or pledge bonds, debentures, notes or other evidences of indebtedness or guarantee of the Corporation, whether secured or unsecured;
 - (c) to the extent permitted by the *Business Corporations Act* (Alberta), give a guarantee on behalf of the Corporation to secure performance of any present or future indebtedness, liability or obligation of any person; and
 - (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any currently owned or subsequently acquired real or personal, movable or immovable property of the Corporation including book debts, rights, powers, franchises and undertakings to secure any such bonds, debentures, notes or other evidences of indebtedness or guarantee or any other present or future indebtedness, liability or obligation of the Corporation.

Nothing in this section limits or restricts the borrowing of money by the Corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

2. The board may, by resolution, from time to time delegate to a committee of the board, one or more of the directors and/or one or more of the officers of the Corporation or any other person or persons as may be designated by the board all or any of the powers conferred on the board by paragraph 1 hereby to such extent and in such manner as the board may determine at the time of such delegation.
3. The powers hereby conferred are in supplement of and not in substitution for any powers possessed by the directors or officers of the Corporation independently of this By-Law No. 2.

BY-LAW NO. 3

A by-law respecting the advance notice of annual or special meetings of the Shareholders of:

RECO INTERNATIONAL GROUP INC.

(hereinafter referred to as the "Corporation")

INTRODUCTION

The Corporation is committed to: (i) facilitating an orderly and efficient annual general or special meeting process; (ii) ensuring that all shareholders receive adequate notice of the director nominations and sufficient information with respect to all nominees; and (iii) allowing shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation.

The purpose of this Advance Notice Policy (the "Policy") is to provide shareholders, directors and management of the Corporation with a clear framework for nominating directors. This Policy fixes a deadline by which holders of record of common shares of the Corporation must submit director nominations to the Corporation prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form in order for any director nominee to be eligible for election at any annual or special meeting of shareholders.

It is the position of the Corporation that this Policy is in the best interests of the Corporation, its shareholders and other stakeholders. This Policy may be subject to an annual review at the discretion of the directors of the Corporation, and will reflect changes as required by securities regulatory agencies or stock exchanges, or so as to meet industry standards.

NOMINATIONS OF DIRECTORS

1. Nominations

Only persons who are qualified to act as a director under the *Business Corporations Act* (Alberta) (the "Act") and the articles of the Corporation, and who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board of directors of the Corporation (the "Board") may be made at any annual meeting of shareholders, or at any special meeting of shareholders (but only if the election of Directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting) if one of the purposes for which the special meeting was called is the election of directors, and such nomination or proposed nomination is made:

- (a) by or at the direction of the Board, including pursuant to a notice of meeting;
- (b) by or at the direction or request of one or more shareholders of the Corporation pursuant to a "proposal" made in accordance with section 136(1) of the Act, or a requisition of the shareholders made in accordance with section 142(1) of the Act; or
- (c) by any person (a "Nominating Shareholder") who:
 - (i) at the close of business on the date of the giving by the Nominating Shareholder of the notice provided for below in this Policy and at the close of business on the

record date for notice of such meeting, is entered in the securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and provides evidence of such beneficial ownership to the Corporation; and

- (ii) complies with the notice procedures set forth below in this Policy.

2. Nomination Requirements

In addition to any other requirements under applicable laws, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given notice thereof that is both timely (in accordance with paragraph 3 below) and in proper written form (in accordance with paragraph 4 below) to the President or the Chairman of the Board of the Corporation at the principal executive offices of the Corporation.

3. Timeliness

To be timely, a Nominating Shareholder's notice to the President or the Chairman of the Board of the Corporation must be made:

- (a) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "Notice Date") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
- (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

The time periods for the giving of a Nominating Shareholder's notice set forth above shall in all cases be determined based on the original date of the applicable annual meeting or special meeting of shareholders, and in no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of such notice.

4. Form

To be in proper written form, a Nominating Shareholder's notice to the President or the Chairman of the Board of the Corporation must set forth:

- (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director:
 - (i) the name, age, business address and residential address of the person;

- (ii) the principal occupation, business or employment of the person for the most recent five years, and the name and principal business of any company in which any such employment is carried on;
 - (iii) the citizenship of such person;
 - (iv) the number of securities of each class or series of securities in the capital of the Corporation including convertible securities and shares owned through derivatives, which are owned beneficially or of record by the person or under the control or direction, directly or indirectly, of the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;
 - (v) such person's written consent to being named in the notice as a nominee and to serving as a director of the Corporation if elected;
 - (vi) such person's agreement to abide by all applicable policies of the Corporation and a statement on whether the person is "independent" of the Corporation (within the meaning of applicable securities laws); and
 - (vii) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and
- (b) as to the Nominating Shareholder giving the notice:
- (i) the name and address of such Nominating Shareholder, as they appear on the securities register of the Corporation;
 - (ii) the number of securities of each class or series of securities of the Corporation owned of record and beneficially by, or under the control or direction of, directly or indirectly, such Nominating Shareholder;
 - (iii) full particulars regarding any agreement, arrangement or understanding with respect to the nomination between or among such Nominating Shareholder, any of their respective affiliates or associates, and any others acting jointly or in concert with any of the foregoing, including the nominee;
 - (iv) full particulars regarding any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the notice by, or on behalf of, such Nominating Shareholder, whether or not such instrument or right shall be subject to settlement in underlying securities of the Corporation, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such Nominating Shareholder with respect to securities of the Corporation;

- (v) full particulars regarding any proxy, contract, agreement, arrangement or understanding pursuant to which such Nominating Shareholder has a right to vote or direct or control the voting of any securities of the Corporation; and
- (vi) any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitors of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

The Corporation may require any proposed nominee to furnish such other information and documents as may reasonably be required by the Corporation to (i) determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence and/or qualifications, or lack thereof, of such proposed nominee, or (ii) satisfy the requirements of applicable stock exchange rules.

In addition, a Nominating Shareholder's notice shall be promptly updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting.

To be eligible to be a candidate for election as a Director of the Corporation and to be duly nominated, a candidate must be nominated in the manner prescribed in this paragraph 4 and the candidate for nomination, whether nominated by the Board or otherwise, must have previously delivered to the Corporate Secretary of the Corporation at the principal executive offices of the Corporation, not less than 10 days prior to the date of a meeting of shareholders, a written representation and agreement (in form provided by the Corporation) that such candidate for nomination, if elected as a Director of the Corporation, will comply with all applicable corporate governance, conflict of interest, confidentiality, share ownership, majority voting and insider trading policies and other policies and guidelines of the Corporation applicable to Directors and in effect during such person's term in office as a Director (and, if requested by any candidate for nomination, the Corporate Secretary of the Corporation shall provide to such candidate for nomination all such policies and guidelines then in effect).

5. Eligibility

No person shall be eligible for election as a director of the Corporation, unless nominated in accordance with the provisions of this Policy; provided, however, that nothing in this Policy shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter that is properly before such meeting pursuant to the provisions of the Act or the discretion of the Chairman. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

6. Definitions

For purposes of this Policy:

- (a) "public announcement" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its

profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com;
and

- (b) "Applicable Securities Laws" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.

7. Notice

Notwithstanding any other provision of this Policy, notice given to the President or the Chairman of the Board of the Corporation pursuant to this Policy may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the President or the Chairman of the Board of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the President or the Chairman of the Board at the address of the principal executive offices of the Corporation, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Alberta time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.

8. Waiver of Notice

Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this Policy.

GOVERNING LAW

This Policy shall be interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable in that province.

EFFECTIVE DATE

This Policy was approved and adopted by the Directors of the Corporation as of the 25th day of May, 2022 and is and shall be in full force and effect in accordance with its terms and conditions from and after such date.

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