



## **IMPERIAL GINSENG PRODUCTS LTD.**

### **NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

to be held on December 13, 2018

and

### **MANAGEMENT INFORMATION CIRCULAR**

dated October 31, 2018

# IMPERIAL GINSENG PRODUCTS LTD.

Suite 3030, 650 West Georgia Street  
Vancouver, British Columbia V6B 4N7

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the "Meeting") of holders of common shares ("Shareholders") of Imperial Ginseng Products Ltd. (the "Company") will be held at the offices of Borden Ladner Gervais LLP, 1200 Waterfront Centre, 200 Burrard Street, Vancouver, British Columbia on Thursday, December 13, 2018 at 10:00 a.m. (Pacific time) for the following purposes:

1. to receive the financial statements of the Company for the year ended June 30, 2018 and the report of the auditor thereon;
2. to elect directors for the ensuing year;
3. to appoint auditors for the ensuing year and to authorize the Board of Directors to fix their remuneration; and
4. to transact such further and other business as may properly come before the Meeting or any adjournment thereof.

The accompanying management information circular provides additional information relating to the matters to be dealt with at the Meeting and is supplemental to and expressly made a part of this notice. If you are a registered Shareholder of the Company and are unable to attend the Meeting, please read the notes to the form of proxy and complete, sign and return the enclosed form of proxy, as applicable. To be effective, proxies must be deposited with the Toronto office of Imperial Ginseng's registrar and transfer agent, Computershare Trust Company of Canada, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, Canada M5J 2Y1 not later than 10:00 a.m. (Pacific time) on December 11, 2018 or at least 48 hours (excluding Saturdays, Sundays and holidays) before the time that the Meeting is to be reconvened after any adjournment of the Meeting. If you are able to attend the Meeting, sending your proxy will not prevent you from voting in person.

If you are a non-registered Shareholder and received this notice and accompanying material through your broker or through another intermediary, please complete and return the voting instruction form in accordance with the instructions provided by your broker or such other intermediary. If you are a non-registered Shareholder and do not complete and return the voting instruction form in accordance with such instructions, you may lose your right to vote at the Meeting, either in person or by proxy.

**DATED** at Vancouver, British Columbia as of October 31, 2018.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(signed) "Stephen McCoach"* \_\_\_\_\_

Stephen McCoach  
Chairman, Chief Executive Officer  
and Secretary

# IMPERIAL GINSENG PRODUCTS LTD.

## MANAGEMENT INFORMATION CIRCULAR

Annual General Meeting of Shareholders  
to be held on December 13, 2018

### SOLICITATION OF PROXIES

*This management information circular (the "Circular") is furnished to holders ("Shareholders") of common shares ("Common Shares") of Imperial Ginseng Products Ltd. (the "Company" or "Imperial") in connection with the solicitation by the management of the Company of proxies to be used at the annual general meeting of Shareholders (the "Meeting") to be held at the time and place and for the purposes set forth in the accompanying notice of annual general meeting of Shareholders (the "Notice of Meeting").*

The information contained herein is given as of October 31, 2018, except where otherwise indicated. Each Shareholder who is entitled to attend at meetings of Shareholders is encouraged to participate in the Meeting and Shareholders are urged to vote on matters to be considered in person or by proxy. All references to "Shareholders" in this Circular and the accompanying instrument of proxy and Notice of Meeting are to Shareholders of record, unless specifically stated otherwise.

It is expected that proxy solicitation will be primarily by mail but may also be supplemented by telephone or other personal contact by directors, officers and employees of the Company without special compensation. The cost of solicitation by management will be borne directly by the Company.

### GENERAL PROXY INFORMATION

#### WHO CAN VOTE

The Company has fixed October 31, 2018 as the record date (the "Record Date") for the purpose of determining Shareholders entitled to receive the Notice of Meeting and to vote at the Meeting. Only Shareholders of the Company who are listed on its register of Shareholders on the Record Date or the persons they appoint as their proxyholders are permitted to vote at the Meeting. Voting at the Meeting generally will be by a show of hands, with each Shareholder present in person being entitled to one vote. On a poll, each Shareholder and each proxyholder will have one vote for each Common Share held or represented by proxy.

#### REGISTERED SHAREHOLDERS

##### Voting In Person

If you wish to attend and vote in person at the Meeting, you do not need to complete or return the accompanying form of proxy. Please register your attendance with the scrutineer upon arrival at the Meeting.

##### Appointment of Proxy

If you do not wish to attend the Meeting, you should complete and return the accompanying form of proxy. The individuals named in the form of proxy are representatives of the Company's management and are directors and officers of the Company. **You have the right to appoint another person (who need not be a shareholder) to attend and act for and on your behalf at the Meeting. If you wish to appoint someone else to represent you at the Meeting, insert the name of your representative in the blank space in the form of proxy.** You must sign and date the proxy.

To be valid, a proxy must be deposited with Computershare Trust Company of Canada ("Computershare"), 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, no later than 10:00 a.m. Pacific time on December 11, 2018, or, if the Meeting is adjourned, at least 48 hours (excluding Saturdays, Sundays and holidays) before the time that the Meeting is to be reconvened.

##### Voting of Proxy

You may indicate the manner in which the individuals named in the accompanying form of proxy are to vote with respect to a matter to be acted upon at the Meeting by marking the appropriate space. **If the instructions as to voting indicated in the proxy are certain, the shares represented by the proxy will be voted or withheld from voting in accordance with the instructions given in the proxy on any ballot that may be called for.**

**If you specify a choice in the proxy with respect to a matter to be acted upon, then the shares represented will be voted or withheld from the vote on that matter accordingly. If no choice is specified in the proxy with respect to a matter to be acted upon, the proxy confers discretionary authority with respect to that matter upon the proxyholder named in the accompanying form of proxy. It is intended that the proxyholder named by management in the accompanying form of proxy will vote the shares represented by the proxy in favour of each matter identified in the proxy and for the nominees of the Company's Board of Directors for directors and auditors.**

The accompanying form of proxy also confers discretionary authority upon the named proxyholder with respect to amendments or variations to the matters identified in the accompanying Notice of Meeting and with respect to any other matters which may properly come before the Meeting. As of the date of this Circular, management of the Company is not aware of any such amendments or variations, or any other matters that will be presented for action at the Meeting other than those referred to in the accompanying Notice of Meeting. If, however, other matters that are not now known to management properly come before the Meeting, then the individuals named in the accompanying form of proxy intend to vote on them in accordance with their best judgment.

## **CHANGING YOUR VOTE**

If you want to revoke your proxy after you have delivered it, you must state in writing that you want to revoke your proxy and deliver such signed document to Computershare at 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1 or to the registered office of the Company at 1200 Waterfront Centre, 200 Burrard Street, Vancouver, BC V7X 1T2. A proxy can be revoked if a revocation is:

- (i) received by or on the last business day before the day of the Meeting or any adjournment of the Meeting;
- (ii) deposited with the Chairman of the Meeting on the day of the Meeting or any adjournment of the Meeting; or
- (iii) in any other way permitted by the law.

## **BENEFICIAL OWNERS (NON-REGISTERED HOLDERS)**

You are a beneficial owner (or non-registered holder) if your shares are registered in the name of an intermediary (such as a bank, trust company or trustee of a self-administered RRSP, RRIF, RESP or similar plan).

In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101") of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Circular and the form of proxy (the "Meeting Materials") to the clearing agencies and intermediaries for onward distribution to non-registered holders with a request for voting instructions as the Company is not sending the Meeting Materials using notice-and-access this year.

If you are a beneficial owner, you may only vote by completing and returning the enclosed voting instruction form in accordance with the directions provided on it. If you wish to attend the Meeting and vote in person, you must appoint yourself as proxyholder by inserting your name in the space provided on the voting instruction form, sign and return the voting instruction form in accordance with the directions provided on it. Your vote will be taken at the Meeting so do not complete the voting instructions on the form. If you do not wish to attend the Meeting, you should complete, sign and return the voting instruction form in accordance with the directions provided. In all cases, you should follow the instructions set out on the voting instruction form and contact your intermediary if you need assistance.

The Company has decided to take advantage of those provisions of NI 54-101 that permit it to directly deliver proxy-related materials to its non-objecting beneficial owners ("NOBOs"). These Meeting Materials are being sent to both registered and non-registered owners of the Common Shares. If you are a non-registered holder, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the Common Shares on your behalf. By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions. In this regard, NOBOs can expect to receive a voting instruction form which is to be completed and returned to Computershare. Computershare will tabulate the results received from NOBOs and will provide appropriate voting instructions at the Meeting with respect to those results.

The Company does not intend to pay for intermediaries to forward the Meeting Materials to objecting beneficial owners under NI 54-101 and Form 54-101F7 - *Request for Voting Instructions made by Intermediaries*. The objecting beneficial owners will not receive the Meeting Materials unless the objecting beneficial owner's intermediary assumes the cost of delivery.

## VOTING COMMON SHARES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

At the close of business on the Record Date, 7,236,547 Common Shares were issued and outstanding.

To the knowledge of the directors and officers of the Company, the following beneficially own, or control or direct, directly or indirectly, shares carrying more than 10% of the voting rights attached to any class of outstanding voting securities of the Company.

Name	Number and Class of Securities	Percentage of Class
Stephen McCoach	2,315,400 Common Shares	32.00%
Maurice Levesque	1,235,673 Common Shares	17.08%
Hugh Cartwright	1,031,235 Common Shares	14.25%

## BUSINESS OF THE MEETING

### FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company for the year ended June 30, 2018, together with the report of the auditors thereon, have been approved by the board of directors of the Company (the "Board" or the "Board of Directors") and will be presented at the Meeting. Copies of these financial statements have been sent to those shareholders who had requested receipt of same. These financial statements are also available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### ELECTION OF DIRECTORS

It is proposed that the below nominees be re-elected at the Meeting as directors of the Company, to hold office until the next annual meeting of Shareholders or until his successor is duly elected or appointed, unless his office is earlier vacated. The number of directors to be elected at the Meeting is five (5).

The following table sets out information for each of the persons proposed to be nominated for election as a director. Information relating to the nominees as directors is based partly on the Company's records and partly on information received from each nominee.

Name, Jurisdiction of Residence and Present Positions with the Company	Principal Occupation and, if not a Previously Elected Director, Occupation During the Past Five Years	Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup>
<b>Stephen McCoach</b> <sup>(3)</sup> <i>Chief Executive Officer, Chairman &amp; Secretary British Columbia, Canada Director since 1992 Not independent</i>	CEO of Imperial Ginseng Products Ltd.	2,315,400 <sup>(2)</sup>
<b>Maurice Levesque</b> <sup>(4)</sup> <i>Executive Vice-President Alberta, Canada Director since 1996 Not independent</i>	Chairman, Chief Executive Officer and Director of Qwest Investment Management Corp. Chief Executive Officer, Chief Compliance Officer and Director of Qwest Investment Fund Management Ltd. Chairman, President and Director of Heritage Bancorp Ltd.	1,235,673 <sup>(2)</sup>
<b>James Chang</b> <sup>(3) (5)</sup> <i>British Columbia, Canada Director since 1996 Not independent</i>	Founder and President of Golden Phoenix Ventures Inc. and Golden Sunshine International Ltd.	120,000 <sup>(2)</sup>

Name, Jurisdiction of Residence and Present Positions with the Company	Principal Occupation and, if not a Previously Elected Director, Occupation During the Past Five Years	Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup>
<b>Joseph Rogers</b> <sup>(4) (5)</sup> <i>British Columbia, Canada</i> <i>Director since 1994</i> <i>Independent</i>	Founder and President of Deerpark Management Corp.	6,212
<b>Cam Hui</b> <sup>(4) (5)</sup> <i>British Columbia, Canada</i> <i>Director since 2016</i> <i>Independent</i>	Founder and President of Bon Holdings Ltd.	Nil

(1) The information with respect to the Common Shares beneficially owned, or controlled or directed is not within the direct knowledge of the Company and has been furnished by the respective individuals. Unless otherwise indicated, such shares are held directly.

(2) Shares are held beneficially.

(3) Member of the Executive Committee.

(4) Member of the Audit Committee.

(5) Member of the Compensation Committee.

The Board does not contemplate that any of its nominees will be unable to serve as a director. If any vacancies occur in the slate of nominees listed above before the Meeting, the proxyholders named in the accompanying form of proxy will exercise discretionary authority to vote the shares represented by proxy for the election of any other persons as directors.

Certain of the proposed directors and/or the proposed directors' associates or affiliates beneficially own directly or indirectly, or control or direct over 10% or more of the Common Shares of the Company. Details of these holdings are disclosed in "Voting Common Shares and Principal Holders of Voting Securities".

### Cease Trade Orders, Bankruptcies, Penalties or Sanctions

During the ten years preceding the date of this Circular, no proposed director of the Company, to the knowledge of the Company:

- (a) is, or has been, a director, chief executive officer or chief financial officer of any issuer (including the Company) that:
  - (i) was the subject of a cease trade or similar order or an order that denied such issuer access to any exemption under securities legislation that was in effect for a period of more than thirty consecutive days (an "Order") while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to such an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;
- (b) is, or has been, a director or executive officer of any issuer that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that issuer;
- (c) made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to, or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

## REAPPOINTMENT OF AUDITORS

Shareholders of the Company will be asked to vote for the re-appointment of Grant Thornton LLP, as auditors of the Company, to hold office until the next annual meeting of shareholders, and to authorize the Board of Directors to fix the remuneration of the auditors. Grant Thornton LLP was first appointed auditors of the Company in 2004 and was reappointed in 2007.

## EXECUTIVE COMPENSATION

The following information is presented in accordance with Form 51-102F6V - *Statement of Executive Compensation – Venture Issuers* (“Form 51-102F6V”).

For the purpose of this Statement of Executive Compensation:

“**CEO**” means an individual who served as chief executive officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year.

“**CFO**” means an individual who served as chief financial officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year.

“**NEO**” or “**Named Executive Officer**” means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) the most highly compensated executive officer other than the CEO or CFO at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiary, nor acting in a similar capacity, at the end of that financial year.

### Director and Name Executive Officer Compensation, excluding Compensation Securities

The following table of compensation, excluding stock options and compensation securities, provides a summary of compensation paid or payable to each NEO and director of the Company for the years ended June 30, 2018 and 2017.

Table of Compensation excluding Compensation Securities							
Name and Position	Year	Salary (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other Compensation (\$)	Total Compensation (\$)
<b>Stephen McCoach</b> <sup>(1)(4)</sup> <i>CEO, Chairman, Secretary and Director</i>	2018	332,667	303,710	2,000	Nil	Nil	638,377
	2017	282,667	71,174	Nil	Nil	Nil	353,841
<b>Amelia Yeo</b> <i>CFO</i>	2018	103,840	126,789	Nil	Nil	Nil	230,629
	2017	74,000	36,587	Nil	Nil	Nil	110,587
<b>Hugh Cartwright</b> <sup>(1)(3)</sup> <i>President, Co-Chairman and Director</i>	2018	82,667	22,657	2,000	Nil	Nil	107,324
	2017	82,667	14,587	Nil	Nil	Nil	97,254
<b>Maurice Levesque</b> <sup>(1)</sup> <i>Executive Vice President and Director</i>	2018	82,667	22,657	3,000	Nil	Nil	108,324
	2017	82,667	14,587	Nil	Nil	Nil	97,254

Table of Compensation excluding Compensation Securities							
Name and Position	Year	Salary (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other Compensation (\$)	Total Compensation (\$)
<b>James Chang</b> <sup>(2)</sup> <i>Director</i>	2018	6,000	22,657	2,250	Nil	Nil	30,907
	2017	6,000	35,587	Nil	Nil	Nil	41,587
<b>Joseph Rogers</b> <sup>(2)</sup> <i>Director</i>	2018	6,000	22,657	3,250	Nil	Nil	31,907
	2017	6,000	14,587	Nil	Nil	Nil	20,587
<b>Cam Hui</b> <sup>(2)</sup> <i>Director</i>	2018	6,000	22,657	3,250	Nil	Nil	31,907
	2017	6,000	14,587	Nil	Nil	Nil	20,587

(1) Executive director

(2) Non-Executive director

(3) Subsequent to the financial year ending June 30, 2018, Mr. Cartwright retired from all his positions with the Company on August 31, 2018.

(4) Mr. McCoach was appointed Chairman of the Company on August 31, 2018.

### External Management Companies

The Company does not engage an external management company to provide executive management services to the Company. Individuals acting as NEOs are employees of the Company.

### Stock Options and Other Compensation Securities

No options were granted to NEOs or directors of the Company during the financial year ended June 30, 2018.

The following table sets out the total amount of compensation securities and underlying securities held by each NEO and director of the Company as at the Record Date:

Compensation Securities					
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Expiry date
<b>Stephen McCoach</b> <i>CEO, Chairman, Secretary, and Director</i>	Stock options	32,000 20,000	March 5, 2014 May 26, 2017	\$0.29 \$0.85	March 4, 2019 May 26, 2022
<b>Amelia Yeo</b> <i>CFO</i>	Stock options	40,000	May 26, 2017	\$0.85	May 26, 2022
<b>Maurice Levesque</b> <i>Executive Vice President and Director</i>	Stock options	32,000 20,000	March 5, 2014 May 26, 2017	\$0.29 \$0.85	March 4, 2019 May 26, 2022
<b>James Chang</b> <i>Director</i>	Stock options	300,000	May 26, 2017	\$0.85	May 26, 2022
<b>Joseph Rogers</b> <i>Director</i>	Stock options	32,000 20,000	March 5, 2014 May 26, 2017	\$0.29 \$0.85	March 4, 2019 May 26, 2022
<b>Cam Hui</b> <i>Director</i>	Stock options	52,000	May 26, 2017	\$0.85	May 26, 2022

## Exercise of Compensation Securities

The following table provides a summary of each exercise of compensation securities by each NEO and director of the Company for the financial year ended June 30, 2018:

Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price of security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Amelia Yeo CFO	Stock Options	32,000	\$0.29	May 16, 2018	\$1.64	\$1.35	\$43,200

## Stock Option Plan and Other Incentive Plans

The Company has no other incentive plans other than its amended and restated stock option plan (the "Option Plan"), approved by shareholders of the Company on December 13, 2017. The Option Plan is a fixed plan under which the maximum number of Common Shares that may be reserved for issuance under the Option Plan shall be 720,000. As at June 30, 2018, there was a total of 682,000 Common Shares reserved for the exercise of outstanding stock options.

Set out below is a summary of the principal terms and conditions of the Option Plan.

- The Option Plan is administered by the Board or a committee appointed by the Board. The Board shall, at its sole discretion, determine to whom the options may be granted, the number of Common Shares covered by each option, the exercise price, the vesting period and the expiry date under such terms and conditions as are permitted under the Option Plan.
- The Option Plan provides that options may be granted to directors, officers, employees, management company employees and consultants of the Company and its subsidiaries.
- Any Common Shares reserved for issuance under previously granted options which are forfeited or expire unexercised will again be available to be reserved for issuance under further grants of options under the Option Plan.
- The exercise price of any option shall not be less than the minimum price prescribed by the TSX Venture Exchange as of the grant date of the applicable option.
- The expiry date of any option shall not go beyond ten years from the grant date of the applicable option.
- The maximum number of Common Shares which may be reserved for issuance to insiders pursuant to options under the Option Plan shall be 10% of the number of Common Shares outstanding at the relevant time.
- The maximum number of options which may be granted to insiders under the Option Plan within any 12 month period shall be 10% of the number of Common Shares outstanding at the relevant time.
- The maximum number of options which may be granted to any one option holder under the Option Plan within any 12 month period shall be 5% of the number of Common Shares outstanding at the relevant time unless the Company obtains the requisite disinterested shareholder approval.
- The maximum number of options which may be granted to any one consultant within any 12 month period must not exceed 2% of the number of Common Shares outstanding at the relevant time.
- The maximum number of options which may be granted within any 12 month period to all persons whose role and duties primarily consist of investor relations activities must not exceed 2% of the number of Common Shares outstanding at the relevant time and such options must vest no earlier than as to 20% upon the grant date, as to a further 20% three months after the grant date, as to a further 20% six months after the grant date, as to a further 20% nine months after the grant date and as to a further 20% twelve months after the grant date.
- Subject to applicable regulatory requirements, the Board may, in its sole and absolute discretion, amend, suspend, discontinue or terminate the Option Plan without notice to or approval by the shareholders of the Company.

- An option holder may exercise an option at any time during the exercise period up to the expiry date. If an option holder holds an option as a director or officer and ceases to hold such position during the option exercise period, the expiry date shall be 90 days following the date the option holder ceases to hold office. If an option holder holds an option as an employee or management company employee and ceases to hold such position without cause during the option exercise period, the expiry date shall be 30 days following the date the option holder ceases to be employed.

## **Employment, Consulting and Management Agreements**

### **Stephen McCoach, CEO**

The employment agreement between the Company and Mr. McCoach provides that the Company shall immediately pay to Mr. McCoach a termination payment, being the equivalent of three years of his then annual salary and bonus, if Mr. McCoach is terminated without cause or in the event of a change of control. The same termination payment also applies if Mr. McCoach terminates his employment in circumstances which may reasonably be considered to be a constructive dismissal.

The Company estimates that Mr. McCoach would have been entitled to a termination payment of \$998,000 if Mr. McCoach were terminated in the financial year ended June 30, 2018 without cause, in the event of a change of control or in circumstances that may be considered a constructive dismissal.

### **Hugh Cartwright, President**

Mr. Cartwright retired from all his positions with the Company on August 31, 2018. Below are the material terms of his employment agreement with the Company, which were in effect for the financial year ended June 30, 2018:

The employment agreement between the Company and Mr. Cartwright commenced in January 2014 and would terminate on December 31, 2020 unless both the Company and Mr. Cartwright agreed to extend it beyond that date. Under the employment agreement, Mr. Cartwright would receive a fixed base salary throughout the term, a minimum of 10% of the total stock options granted by the Company and a minimum of 15% of the annual executive bonus pool. Should the employment agreement with Mr. Cartwright be terminated early by the Company, without cause, the Company would pay to Mr. Cartwright the lesser of \$556,667 or his base salary for the remainder of term, being from the termination date to December 31, 2020. The Company estimates that Mr. Cartwright would have been entitled to a termination payment of \$200,000 if Mr. Cartwright were terminated in the financial year ended June 30, 2018 without cause.

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

The Company has a Compensation Committee which is comprised of three non-executive directors. The Compensation Committee assists the Board in reviewing Board compensation, evaluating the compensation of the CEO and ensuring compensation of NEOs aligned with the operating performance of the Company. The Board is responsible for setting and evaluating the compensation of directors and NEOs of the Company. The Board reviews the compensation package annually and determines if the package continues to be appropriate, given the performance of the executive, the achievements of the business and the status of the economic environment.

### **Compensation of Directors**

For directors who are not members of management ("Non-Executive Directors"), each receives a director's fee of \$500 per month. Directors who are also members of management ("Executive Directors") do not receive a director's fee. Both Executive Directors and Non-Executive Directors receive stock options and cash bonus for their role as directors and/or executive officers of the Company. Directors also receive a meeting attendance fee commencing fiscal 2018.

### **Compensation of Executive Officers**

Compensation of executive officers consists of three main elements: base salary, performance-based incentive in the form of cash bonuses and long-term ownership through the Company's stock option plan.

#### **(a) Base Salary**

Base salary is the principal and fixed component of pay that compensates executives for fulfilling their duties and responsibilities. In determining the base salary, the Board considers the particular responsibilities related to the position and the level of skills and experience of an executive. The Board also considers each executive's individual performance and contribution towards meeting corporate objectives. Base salaries are also designed to be competitive to retain highly qualified executives.

(b) Incentive Cash Bonuses

Incentive cash bonuses are a variable component of compensation designed to reward executives for achieving goals set for annual operating targets which include yields and prices. An annual yield bonus is rewarded to executives only if pre-determined yields are achieved. The executive acre bonus is an overall performance bonus designed to retain executives as it is structured to be paid in later years.

(c) Stock Options

The stock option component is intended to encourage executives' long-term association with the Company by aligning the interests of executives with the interests of the Company's shareholders. The Company's stock option plan enables executives of the Company who receive the stock options to acquire Common Shares. The stock option plan is administered by the Board who, in its sole discretion, determines to whom and the number of options to be granted. In determining the number of options to be granted, the Board takes into consideration the level of responsibilities of the executive, his or her contribution to the long-term performance of the Company and the number of options, if any, previously granted to the executive.

**Pension**

The Company does not have a pension, retirement, deferred compensation or similar plan that provides for payments or benefits to director or NEO at, following, or in connection with retirement.

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

The following table sets forth the Company's compensation plans under which equity securities are authorized for issuance as at June 30, 2018.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options</b>	<b>Weighted-average exercise price of outstanding options (\$)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans</b>
Equity compensation plans approved by securityholders	682,000	0.72	6,000
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
<b>Total</b>	<b>682,000</b>	<b>0.72</b>	<b>6,000</b>

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Other than routine indebtedness, no current or former executive officer, director or employee of the Company or any of its subsidiaries, or any proposed nominee for election as a director of the Company, or any associate or affiliate of any such executive officer, director, employee or proposed nominee, is or has been indebted to the Company or any of its subsidiaries, or to any other entity that was provided a guarantee or similar arrangement or understanding by the Company or any of its subsidiaries in connection with the indebtedness, at any time since the beginning of the most recently completed financial year of the Company.

**AUDIT COMMITTEE**

The overall purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the quality and integrity of all financial reporting of the Company. The Company's Audit Committee charter is attached as Appendix "A" to this Circular.

The members of the Audit Committee are Maurice Levesque (Chair), Joseph Rogers and Cam Hui. Mr. Levesque is not independent within the meaning of National Instrument 52-110 - *Audit Committees* ("NI 52-110") as he is the Executive Vice President of the Company. Mr. Rogers and Mr. Hui are independent within the meaning of NI 52-110. All members of the Audit Committee are financially literate. Set out below is a general description of the education and experience of each member of the Audit Committee.

**Maurice Levesque** – Mr. Levesque is a founder and the Chairman, Chief Executive Officer and Director of Qwest Investment Management Corp., a financial services company. Mr. Levesque is the Chairman, CEO and Chief Compliance Officer of Qwest Investment Fund Management Ltd., a company which provides investment fund manager, portfolio manager and exempt market dealer services. Heritage Bancorp Ltd. and Trilogy Bancorp Ltd., each of which is an asset and administrative management company, are affiliate companies and Mr. Levesque is a director for each company.

Mr. Levesque is Chairman of the Board for AlphaDelta Management Corp., Chairman of the Board and Audit Committee for ANB Canada Inc. and Chairman of the Board for Plant Properties Corp.

Mr. Levesque has over 30 years of experience in the Canadian financial industry and is recognized for his broad knowledge, skills and experience in the venture capital industry, financial services industry and for his leadership skills in new business formation and development. Mr. Levesque graduated from The Northern Alberta Institute of Technology with a diploma in Administration Management.

**Joseph Rogers** - Mr. Rogers has been a director of the Company since 1994. Mr. Rogers has over forty years of experience in operating and managing agricultural businesses. From 1991 to 1994, Mr. Rogers was the Executive Vice President of the Company. In 1996, Mr. Rogers left to be a co-founder and president of Opus Cranberries, a large scale start-up operation in British Columbia.

Mr. Rogers was the president and director of the B.C. Livestock Producers Cooperative Association from 1967 to 1978 and the managing director of Southern Interior Beef Corporation from 1967 to 1987. As well, he was the Commissioner of the Provincial Agricultural Land Commission and Project Officer for the Beef Industry Development Committee for British Columbia.

**Cam Hui, CFA** - Mr. Hui has been a director of the Company since 2016. Mr. Hui has been professionally involved in the financial markets since 1985 in a variety of roles, both as a quantitative equity portfolio manager and as a sell-side analyst. Over the course of his career, Mr. Hui has professionally covered US, Canadian, International and Emerging Markets and been a commentator on hedge funds and their returns patterns. Mr. Hui's extensive career and experience included working for Wood Gundy Inc. (now CIBC World Markets) as a quantitative and special situations analyst, Batterymarch Financial Management, as a quantitative global equity portfolio manager, Graham Capital Management, as a long/short equity hedge fund portfolio manager, and Merrill Lynch, as a technical research analyst on an Institutional Investor ranked team.

## AUDIT COMMITTEE OVERSIGHT

At no time since the commencement of the Company's most recently completed fiscal 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 Company's most recently completed fiscal year has the Company relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), Subsection 6.1.1(4) of NI 52-110 (Circumstance Affecting the Business or Operations of the Venture Issuer), Subsection 6.1.1(5) of NI 52-110 (Events Outside Control of Member), Subsection 6.1.1(6) of NI 52-110 (Death, Incapacity or Resignation), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

The Company is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110 given that it is a venture issuer as defined under NI 52-110.

## PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee is authorized by the Board to review the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company. The Chair of the Audit Committee is authorized to approve any non-audit services or additional work which the Chair deems as necessary and is required to notify the other members of the Audit Committee of such non-audit or additional work.

## EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY)

The fees billed by the Company's external auditors for each of the last two fiscal years, by category, are as follows:

<b>Fiscal Year ending June 30</b>	<b>Audit Fees <sup>(1)</sup> (\$)</b>	<b>Audit-related Fees <sup>(2)</sup> (\$)</b>	<b>Tax Fees <sup>(3)</sup> (\$)</b>	<b>All Other Fees <sup>(4)</sup> (\$)</b>
2018	44,000	1,500	6,000	860
2017	43,000	-	6,803	840

(1) "Audit Fees" include fees paid or accrued for the annual audit of the Company's financial statements.

(2) "Audit-Related Fees" include fees for assurance and related services that are performed by the auditor relating to the performance of an audit and are not included in "Audit Fees".

(3) "Tax Fees" include fees for tax compliance, tax planning and tax advice. These services include preparing tax returns and corresponding with government tax authorities.

(4) "All Other Fees" are fees billed by the auditors for services not included in the other three categories.

## EXEMPTION

The Company is relying upon the exemption in Section 6.1 of NI 52-110.

## MANAGEMENT CONTRACTS

No management functions of the Company or its subsidiary are, to any substantial degree, performed by a person other than the directors or executive officers of the Company or its subsidiary.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth in this Circular, no informed person of the Company, no proposed nominee for election as a director of the Company and no associate or affiliate of any such informed person or proposed nominee has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction that, in either case, has materially affected or will materially affect the Company or its subsidiary.

The transactions with informed persons set out below had been reviewed by the Audit Committee to ensure that the terms of such transactions were no less favorable than those which could have been received from an independent third party.

### Trilogy Bancorp Ltd.

The Company has an administrative agreement with Trilogy Bancorp Ltd. ("Trilogy"), a company owned and controlled by certain directors of the Company. Under the administrative agreement, Trilogy provides accounting, office and administrative services to the Company for a monthly fee of \$10,500. For the year ended June 30, 2018, the Company was charged \$126,000 in administrative fee. No administrative fee was outstanding to Trilogy at June 30, 2018.

### Ginseng Distributors

Under the distribution agreements with Golden Phoenix Ventures Inc. of Vancouver, British Columbia and Golden Sunshine International Ltd. of Hong Kong, China (together the "Distributors"), the Distributors have an exclusive right to distribute the Company's ginseng in Asia and Canada provided that the Distributors buy all the Company's ginseng harvested in a given year at agreed market prices. For the year ended June 30, 2018, the Company had sales transactions totaling \$4,500,000 with the Distributors. The Distributors are owned and controlled by James Chang, a director of the Company.

### Ginseng Farming Agreement

The Company and Ponderosa Ginseng Farms Corp. ("Ponderosa"), a private company having some directors in common with the Company, have a ginseng farming agreement (the "Farming Agreement") under which the Company plants and maintains certain number of acres of ginseng in Ontario for the benefit of Ponderosa each year. Pursuant to the Farming Agreement, Ponderosa will reimburse the Company the actual farming expenses (the "Actual Costs"), which are estimated and prepaid annually (the "Prepayment") prior to the beginning of the Company's fiscal year. In return, the Company earns a planting fee equal to 15% of the Actual Costs from Ponderosa.

In fiscal 2017, Ponderosa notified the Company that it wished to terminate the planting of new acres. The Company will continue with the farming of the Ponderosa Acres until they are gradually harvested out by the fall of 2019 or 2020. For the year ended June 30, 2018, the Company harvested 11 Ponderosa Acres. There remains 50 Ponderosa Acres under cultivation after the harvest.

Pursuant to the Farming Agreement, the Company will undertake the selling of ginseng root harvested from the Ponderosa Acres and will pay to Ponderosa the full amount of proceeds from each completed sale within 30 days of receipt by the Company. For the year ended June 30, 2018, the Company made sales totaling \$1,600,000 for Ponderosa. Also pursuant to the Farming Agreement, the Company is entitled to a yield bonus if the actual yield of the root harvested in a year exceeds a pre-determined base yield (the "Bonus Root"), calculated as 15% of the revenue from the sale of the Bonus Root. Included in planting fee income was a yield bonus of \$88,000 for the sale of Bonus Root.

For the year ended June 30, 2018, the Company incurred Actual Costs of \$517,000. Total planting fee income realized in the year was \$164,000. At June 30, 2018, the balance of Prepayment was \$492,000.

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

Other than as set forth in this Circular, no director or executive officer of the Company at any time since the beginning of the Company's most recently completed financial year, no proposed nominee for election as a director of the Company and no associate or affiliate of any of such persons, has 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 other than the election of directors or the appointment of auditors, except for any interest arising from the ownership of shares of the Company where the Shareholder will receive no extra or special benefit or advantage not shared on a pro-rata basis by all holders of shares in the capital of the Company.

## CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, requires the Company to disclose information about its corporate governance practices on an annual basis. This disclosure must be made in accordance with the corporate governance guidelines contained in National Policy 58-201 *Corporate Governance Guidelines*. Corporate governance relates to activities of the Board. The Board has adopted certain corporate governance policies to reflect its commitment to good corporate governance. The Company's general approach to corporate governance is summarized below.

### BOARD OF DIRECTORS

Section 1.4 of NI 52-110 sets out the standard for director independence. Applying the definition set out in NI 52-110, Mr. Joseph Rogers and Mr. Cam Hui are independent. Mr. Stephen McCoach, CEO and Chairman of the Company and Mr. Maurice Levesque, Executive Vice-President of the Company, are not independent and are related directors. Mr. James Chang is not independent and is a related director as he has material transactions with the Company through the companies controlled by him.

### DIRECTORSHIPS

The member of the Board that currently serve on the board of any other issuer that is a reporting issuer (or equivalent) is set out below:

Director	Directorships
Maurice Levesque	Qwest Funds Corp.

### ORIENTATION AND CONTINUING EDUCATION

The Company does not have an official orientation or training program for directors. New directors of the Company are provided with an opportunity to become familiar with the Company by meeting with all other directors and with management of the Company. As each director has a different skill set and professional background, orientation and training activities will be tailored to the particular needs and experience of each director.

## **ETHICAL BUSINESS CONDUCT**

To encourage and promote a culture of ethical business conduct, the Board monitors the ethical conduct of the Company and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board has found that fiduciary duties placed on individual Directors by the Company's governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

The Company adopted a whistleblower policy on June 30, 2005 which establishes procedures for dealing with submissions related to complaints and violations of ethical business conduct.

## **NOMINATION OF DIRECTORS**

The Board does not have a nominating committee. Rather, the Executive Committee is responsible for identifying and recommending new candidates, having regard to the appropriate size of the Board and the necessary competencies and skills of the Board as a whole and of each director individually. New nominees should have a track record in general business management, special expertise in an area of strategic interest to the Company, and the ability to devote the time required.

## **COMPENSATION FOR THE DIRECTORS AND CEO**

The Board has a Compensation Committee. The Compensation Committee reviews the compensation of the CEO and makes recommendations to the Board. The Board, as a whole, reviews and determines all forms of compensation for the CEO and directors. Further details about the Company's compensation practices are disclosed in this Circular under "Executive Compensation".

## **OTHER BOARD COMMITTEES**

Other than the Audit Committee, the Board has an Executive Committee, members of which are James Chang and Stephen McCoach. The Executive Committee serves as a sounding board in situations where a full board meeting is not required. Specifically, the Executive Committee is responsible for overseeing the day-to-day operations of the Company. Further, the Executive Committee reviews the effectiveness of the Board and identifies, interviews and recommends the appointment of new directors. The Executive Committee's objective is to ensure that the Board is comprised of individuals with diverse backgrounds and experience, thereby providing the Board with a broad range of talent and experience.

## **ASSESSMENTS**

The Board reviews its own performance annually to satisfy itself that the Board, its committees, and its individual directors are performing effectively.

## **GENERAL AND ADDITIONAL INFORMATION**

### **RENEWAL OF NORMAL COURSE ISSUER BID**

In September 2018, the TSX Venture Exchange ("TSXV") approved the renewal of the Company's normal course issuer bid ("NCIB") to repurchase outstanding Common Shares on the open market for cancellation. Under the renewed NCIB, the Company may repurchase for cancellation up to 363,000 Common Shares, representing approximately 5% of issued and outstanding Common Shares at the time of the renewal. Purchases are to be made at the prevailing market prices through the facilities of TSX Venture Exchange over a twelve-month period starting on October 1, 2018 and ending on September 30, 2019, or until such time as the bid is completed or terminated at the Company's option.

Shareholders may obtain a copy of the notice filed with the TSX Venture Exchange in relation to the bid, free of charge, by contacting Imperial Ginseng, at Suite 3030, 650 West Georgia Street, Vancouver, British Columbia, Canada V6B 4N7; telephone: (604) 689-8863; email: [info@imperialginseng.com](mailto:info@imperialginseng.com).

## **ADDITIONAL INFORMATION RELATING TO IMPERIAL GINSENG**

Additional information relating to Imperial Ginseng is available at [www.sedar.com](http://www.sedar.com) under Imperial Ginseng's profile. Financial information is provided in Imperial Ginseng's comparative audited financial statements and MD&A for its most recently completed financial year. Copies of the audited financial statements and related MD&A for the most recently completed financial year can be obtained from Imperial Ginseng by contacting Imperial Ginseng, at Suite 3030, 650 West Georgia Street, Vancouver, British Columbia, Canada V6B 4N7; telephone: (604) 689-8863; email: [info@imperialginseng.com](mailto:info@imperialginseng.com). Copies of such documents will be provided to Shareholders free of charge.

## **OTHER MATTERS**

Management of the Company knows of no other matter to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters which are not known to the management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

## **BOARD OF DIRECTORS' APPROVAL**

The contents of this Circular have been approved, and the delivery of it to each Shareholder of the Company entitled thereto and to the appropriate regulatory agencies, has been authorized by the Board of the Company.

By Order of the Board of Directors

(signed) "Stephen McCoach"  
Stephen McCoach  
Chairman, Chief Executive Officer  
and Secretary

**Appendix "A"**

**AUDIT COMMITTEE CHARTER**

# IMPERIAL GINSENG PRODUCTS LTD.

## AUDIT COMMITTEE CHARTER

The following is the text of the current Charter for the Audit Committee. Such Charter may be amended by the Board in the future in light of evolving corporate governance standards.

### PURPOSE

The mandate of the Audit Committee is to assist the Board of Directors (the "Board") in fulfilling its oversight responsibilities. The primary duties and responsibilities of the Audit Committee include:

- reviewing the Company's financial reporting process with respect to the quality and integrity of the Company's financial statements
- ensuring the integrity of the Company's internal control system over financial reporting is maintained
- ensuring the Company is in compliance with legal and regulatory requirements with respect to the financial statements and financial reporting
- overseeing the process of selecting and appointing external auditors
- ensuring the qualifications and independence of external auditors
- oversee the conduct of the audit

The role of the Audit Committee is oversight. It is the responsibility of the Company's management to prepare the financial statements in accordance with the applicable accounting standards and applicable laws and regulations. The Audit Committee does not determine the accuracy or completeness of the Company's financial statements or financial disclosure. The Company's external auditors are responsible for the audit of the Company's financial statements in accordance with applicable auditing standards and laws and regulations.

### AUTHORITY

The Audit Committee has the authority to seek any information it requires from any employee of the Company or external parties. The Audit Committee also has the authority to obtain legal or professional advice, at the Company's expense, to assist in performing its duties.

### COMPOSITION AND ORGANIZATION

The Board will appoint from themselves the member of the Audit Committee. The Chair of the Audit Committee shall be appointed by the Board from time to time.

The Audit Committee shall be comprised of at least three directors, a majority of which are not officers or employees of the Company, at least one of whom shall have accounting or related financial management expertise.

At least one member of the Audit Committee must be independent. A member of the Audit Committee is independent if the member has no direct or indirect material relationship with an issuer. A material relationship means a relationship which could, in the view of the issuer's board of directors, reasonably interfere with the exercise of a member's independent judgment.

Every Audit Committee member must be financially literate. Financial literacy is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.

### MEETINGS

The Audit Committee shall meet at least four times a year. Special meetings shall be convened as required. Quorum for a meeting of the Audit Committee shall be two members in attendance. Minutes of the Audit Committee meetings shall be recorded.

The Audit Committee may invite the Company's external auditors, the CFO and such other persons deemed appropriate by the Audit Committee to attend its meetings.

## ROLES AND RESPONSIBILITIES

The Audit Committee will perform the following duties:

- Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.
- Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.
- Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review any legal matters which could significantly impact the financial statements as reported on by the Company's counsel and meet with outside independent counsel whenever deemed appropriate.
- Review the financial statements and all financial disclosures prior to their public dissemination, and determine whether they are complete and consistent with the information known to committee members; determine that the auditors are satisfied that the financial statements have been prepared in accordance with the applicable accounting standards.
- Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure thereof.
- Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.
- Review audit issues related to the Company's material associated and affiliated companies that may have a significant impact on the Company's equity investment.
- Meet with management and the external auditors to review the annual financial statements and the results of the audit.
- Evaluate the fairness of the interim financial statements and related disclosures including the associated Management's Discussion and Analysis, and obtain explanations from management on whether:
  - (i) actual financial results for the interim period varied significantly from budgeted or projected results;
  - (ii) generally accepted accounting principles have been consistently applied;
  - (iii) there are any actual or proposed changes in accounting or financial reporting practices; or
  - (iv) there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure.
- Review the external auditors' proposed audit scope and approach and ensure no unjustifiable restriction or limitations have been placed on the scope.
- Review the performance of the external auditors and approve in advance provision of services other than auditing. Consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the company. The Board authorizes the Chairman of the Audit Committee to approve any non-audit or additional audit work which the Chairman deems as necessary and to notify the other members of the Audit Committee of such non-audit or additional work.
- Make recommendations to the Board regarding the reappointment of the external auditors and the compensation to be paid to the external auditor.
- Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- Review and approve the Company's hiring policies regarding partners, employers and former partners and employees of the present and former external auditors of the Company.
- Establish a procedure for:
  - (i) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
  - (ii) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters.

- Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately in the absence of management.
- Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.
- Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.
- Perform other functions as requested by the Board.
- If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist, and set the compensation to be paid to such special counsel or other experts.
- Review and recommend updates to the charter; receive approval of changes from the Board.
- With regard to the Company's internal control procedures, the Audit Committee is responsible to:
  - (i) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those related to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
  - (ii) review compliance under the Company's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Audit Committee may deem appropriate;
  - (iii) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and
  - (iv) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the external auditors have been implemented.