

**TORRENT CAPITAL LTD.**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
AND  
MANAGEMENT INFORMATION CIRCULAR**

**May 30, 2017**

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**TORRENT CAPITAL LTD.**

**NOTICE OF THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that an annual and special meeting (the “**Meeting**”) of the holders of common shares (“**Shareholders**”) of Torrent Capital Ltd. (the “**Corporation**”) will be held at the offices of Numus Financial, the Corporation’s head office, located at Suite 2001 – 1969 Upper Water Street, Purdy’s Wharf II, Halifax, Nova Scotia, B3J 3R7, on Thursday, June 29, 2017 at 2:00 p.m. (Halifax time) for the following purposes:

1. to receive the annual financial statements of the Corporation for the fiscal year ended December 31, 2016, together with the report of the auditors thereon;
2. to elect directors of the Corporation;
3. to appoint MNP LLP, Chartered Accountants, as auditors of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix their remuneration;
4. to consider and, if thought appropriate, pass, with or without variation, a resolution ratifying the Corporation’s rolling stock option plan;
5. to consider and, if thought appropriate, pass, with or without variation, a resolution ratifying the Corporation’s restricted share unit plan; and
6. to transact such other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

This Notice, the accompanying management information circular dated May 30, 2017 and form of proxy (the “**Proxy**”) are provided in connection with the Meeting that has been called by the Board of Directors of the Corporation. The specific details of the foregoing matters to be put before the Meeting are set forth in the Circular which forms part of this Notice. A holder of common shares (the “**Common Shares**”) of record at the close of business on Tuesday, May 30, 2017 will be entitled to vote at the Meeting. All Shareholders are cordially invited to attend the Meeting.

Shareholders who are unable to be present at the Meeting are urged to sign the enclosed Proxy and return it in the envelope provided for that purpose. To be effective, the Proxy must be received at the offices of the Corporation’s transfer agent, TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, online or by facsimile at (416) 595-9593, by not later than 2:00 p.m. (Halifax time) on the 27<sup>th</sup> day of June, 2017 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays or holidays, preceding the time of such adjourned Meeting.

Copies of: (a) this Notice of Meeting; (b) the Circular; and (c) the Proxy as well as instructions in relation thereto may be obtained at the Corporation’s head office located at Suite 2001 – 1969 Upper Water Street, Purdy’s Wharf II, Halifax, Nova Scotia, B3J 3R7.

By order of the Board of Directors of Torrent Capital Ltd.

*“Philip Armstrong”*

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Philip Armstrong  
Board Chairman

Dated at Halifax, Nova Scotia this 30<sup>th</sup> day of May, 2017

**TORRENT CAPITAL LTD.**  
Suite 2001 – 1969 Upper Water Street  
Halifax, Nova Scotia, B3J 3R7

## **MANAGEMENT INFORMATION CIRCULAR**

### **SOLICITATION OF PROXIES**

**This management information circular (the “Circular”) is furnished in connection with the solicitation of proxies by or on behalf of the management of TORRENT CAPITAL LTD. (hereinafter referred to as the “Corporation” or “Torrent”) for use at the annual and special meeting (the “Meeting”) of the holders (collectively, the “Shareholders” or individually, a “Shareholder”) of common shares in the capital of the Corporation (“Common Shares”), to be held at the offices of Numus Financial, Suite 2001 – 1969 Upper Water Street, Halifax, Nova Scotia, B3J 3R7 on Thursday June 29, 2017 at the hour of 2:00 p.m. (Halifax time) and at any adjournment or adjournments thereof for the purposes set forth in the notice of meeting (the “Notice”). Management’s solicitation of proxies will be conducted by mail and may be supplemented by telephone or other personal contact to be made without special compensation by directors, officers and employees of the corporation. The cost of solicitation by or on behalf of the management will be borne by the Corporation. Unless otherwise stated, all information set forth herein is as at May 30, 2017.**

Except as noted below, the Corporation has distributed or made available for distribution, copies of the Notice, the Circular and form of proxy or voting instruction form (if applicable) (the “**Meeting Materials**”) to clearing agencies, securities dealers, banks and trust companies or their nominees (collectively, the “**Intermediaries**”) for distribution to Beneficial Shareholders (as defined below) whose Common Shares are held by or in custody of such Intermediaries. Such Intermediaries are required to forward such documents to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. The Corporation has elected to pay for the delivery of the Meeting Materials to objecting Beneficial Shareholders by the Intermediaries. The Corporation is sending proxy-related materials directly to non-objecting Beneficial Shareholders, through the services of its transfer agent and registrar, Equity Financial Trust Company. The solicitation of proxies from Beneficial Shareholders will be carried out by the Intermediaries or by the Corporation if the names and addresses of the Beneficial Shareholders are provided by Intermediaries. The Corporation will pay the permitted fees and costs of Intermediaries incurred in connection with the distribution of the Meeting Materials. The Corporation is not relying on the notice-and-access provisions of securities laws for delivery of the Meeting Materials to registered Shareholders or Beneficial Shareholders.

### **APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act for such Shareholder and on his, her or its behalf at the Meeting other than the persons designated in the enclosed form of proxy.** Such right may be exercised by inserting in the blank space provided for that purpose the name of the desired person or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to the Corporation’s transfer agent and registrar, TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, online at [www.voteproxyonline.com](http://www.voteproxyonline.com) or by facsimile at (416) 595-9593 not later than 2:00 p.m. (Halifax time) on Tuesday June 27, 2017 or delivering it to the chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting. A proxy must be executed by the registered Shareholder or his, her or its attorney duly authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized.

Proxies given by Shareholders for use at the Meeting may be revoked prior to their use:

- (a) by depositing an instrument in writing executed by the Shareholder or by such Shareholder's attorney duly authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing:
  - (i) at the Corporation's head office, located at Suite 2001 – 1969 Upper Water Street, Purdy's Wharf II, Halifax, Nova Scotia, B3J 3R7, at any time up to and including Tuesday, June 27, 2017;
  - (ii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof; or
  - (iii) in any other manner permitted by law.

#### **EXERCISE OF DISCRETION BY PROXIES**

The persons named in the accompanying form of proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholders appointing them. **In the absence of such direction, such Common Shares will be voted in favour of the passing of the matters set out in the Notice. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting or any adjournment thereof.** At the time of the printing of this Circular, the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. **However, if any other matters which at present are not known to the management of the Corporation should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.**

#### **ADVICE TO BENEFICIAL SHAREHOLDERS**

**Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares, or non-objecting beneficial owners whose names has been provided to the Corporation's registrar and transfer agent, can be recognized and acted upon at the Meeting.** The information set forth in this section is therefore of significant importance to a substantial number of Shareholders who do not hold their Common Shares in their own name (referred to in this section as "**Beneficial Shareholders**"). If Common Shares are listed in an account statement provided to a Shareholder by an Intermediary, then in almost all cases those Common Shares will not be registered in such Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's Intermediary or an agent of that Intermediary. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co., as nominee for CDS Clearing and Depository Services Inc., which acts as a depository for many Canadian Intermediaries. Common Shares held by Intermediaries or their nominees can only be voted for or against resolutions upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting Common Shares for their clients.

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every Intermediary 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 Common Shares are voted at the Meeting. Often the form of proxy supplied

to a Beneficial Shareholder by its Intermediary is identical to the form of proxy provided by the Corporation to the Intermediaries. However, its purpose is limited to instructing the Intermediary how to vote on behalf of the Beneficial Shareholder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically mails the voting instruction forms or proxy forms to the Beneficial Shareholders and asks the Beneficial Shareholders to return the voting instruction forms or 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 or voting instruction form from Broadridge 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.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of their Intermediary, a Beneficial Shareholder may attend the Meeting as proxyholder for the Intermediary and vote their Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their own Common Shares as proxyholder for the Intermediary should enter their own names in the blank space on the management form of proxy or voting instruction form provided to them and return the same to their Intermediary (or the agent of such Intermediary) in accordance with the instructions provided by such Intermediary or agent well in advance of the Meeting. **Beneficial Shareholders should carefully follow the instructions of their Intermediaries and their service companies.**

The Company shares trade on the Toronto Venture Stock Exchange (“TSX-V” of the “Exchange”). All references to shareholders in this Circular and the accompanying form of proxy and Notice are to Shareholders of record unless specifically stated otherwise.

#### **NOTE TO NON-OBJECTING BENEFICIAL OWNERS**

The Meeting Materials are being sent to both registered and Beneficial Shareholders. If you are a Beneficial Shareholder, and the Corporation or its agent has sent the Meeting 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 on your behalf. By choosing to send the Meeting Materials to you directly, the Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering the Meeting Materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

#### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

In accordance with NI 54-101, the Corporation has fixed the close of business on Tuesday, May 30, 2017 as the record date (the “**Record Date**”) for the purpose of determining Shareholders entitled to receive notice of the Meeting. All Shareholders of record as at the close of business on the Record Date will be entitled to vote at the Meeting. As at the Record Date, the Corporation had outstanding 23,648,333 Common Shares. Each Common Share carries the right to one vote.

To the knowledge of the directors and executive officers of the Corporation, as at the date of this Circular, the only persons who beneficially own, or control or directs, directly or indirectly, voting securities of the Corporation carrying 10% or more of the voting rights attached to the Common Shares are as follows:

Name and Residence	Number of Shares Owned (Percentage of Class and Type of Ownership)	
	Common Shares	Percentage of Voting Rights
Wade K. Dawe Halifax, Nova Scotia	3,520,000 <sup>1</sup>	14.9%

**Notes:**

- (1) Of which 578,667 shares are held in an RRSP, 1,428,000 shares are held by Kelligrew Inc. and 1,513,333 shares are held by Brigus Capital Inc.

As of the record date, the directors and executive officers of the Corporation as a group own beneficially, directly or indirectly, control or exercise direction over 4,747,333 Common Shares of the Corporation representing 20.1% of the presently issued and outstanding Common Shares.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The general objectives of the Corporation’s compensation strategy are to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management’s interests with the long-term interests of shareholders; and (c) attract and retain highly qualified executive officers.

#### *Elements of Compensation*

##### Base Salary

Each Named Executive Officer (as such term is defined below) receives a base salary, which constitutes a significant portion of the Named Executive Officer’s compensation package. Base salary is recognition for discharging day to day duties and responsibilities and reflects the Named Executive Officer’s performance over time, as well as that individual’s particular experience and qualifications. A Named Executive Officer’s base salary is reviewed by the board of directors of the Corporation (the “**Board**”) on an annual basis and may be adjusted to take into account performance contributions for the year and to reflect sustained performance contributions over a number of years.

##### Stock Options

The Corporation’s directors and officers, employees and consultants, if any, are eligible under the Corporation’s stock option plan (the “**Plan**”) to receive grants of stock options. The Plan is an important part of the Corporation’s long-term incentive strategy for its officers and directors, permitting them to participate in appreciation of the market value of the Common Shares over a stated period of time. The Plan is intended to reinforce commitment to long-term growth in profitability and shareholder value, thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs. The size of the stock option grants to officers and directors is dependent on each officer’s and director’s level of responsibility, authority and importance to the Corporation and to the degree to which such officer’s or director’s long term contribution to the

Corporation will be key to its long term success. Previous grants of option-based awards are not taken into account when considering new grants.

The Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the Plan aligns the interests of the Named Executive Officers and the Board with shareholders by linking a component of executive compensation to the longer term performance of the Corporation.

Options are granted by either the Board or the Nominating and Compensation Committee of the Corporation (the “**Compensation Committee**”). In monitoring or adjusting the option allotments, the Board or the Compensation Committee, as the case may be, takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous option grants and the objectives set for the Named Executive Officers. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility. The Board or the Compensation Committee will make these determinations subject to and in accordance with the provisions of the Plan.

### ***Compensation of Directors***

The Compensation Committee will recommend how much, if any, cash compensation will be paid to directors for services rendered by directors, in such capacity, to the Corporation. The directors of the Corporation may be paid cash compensation commensurate with the prevailing level of compensation for directors in the same industry in which the Corporation operates.

Named Executive Officers who also act as directors of the Corporation will not receive any additional compensation for services rendered in such capacity, other than as paid by the Corporation to such Named Executive Officers in their capacity as executive officers.

### ***Compensation Risk***

The Board and, as applicable, the Compensation Committee, considers and assesses the implications of risks associated with the Corporation’s compensation policies and practices and devotes such time and resources as is believed to be necessary in the circumstances. The Corporation’s practice of compensating its officers primarily through a mix of salary and stock options is designed to mitigate risk by: (i) ensuring that the Corporation retains such officers; and (ii) aligning the interests of its officers with the short-term and long-term objectives of the Corporation and its shareholders. As at the date of this Circular, the Board had not identified risks arising from the Corporation’s compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation.

### ***Financial Instruments***

The Named Executive Officers and directors of the Corporation are not permitted to purchase financial instruments, such as prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities of the Corporation granted as compensation or held, directly or indirectly, by a Named Executive Officer or director.

### ***Compensation Governance***

In order to assist the Board in fulfilling its oversight responsibilities with respect to compensation matters, the Board has established the Compensation Committee and has reviewed and approved the Compensation Committee’s Charter. The Compensation Committee is composed of Kevin Bullock

(Chair), Jim Megann and Philip Armstrong. Each of Messrs. Bullock, Megann and Armstrong is independent as such term is defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”).

The Compensation Committee meets on compensation matters as and when required with respect to executive compensation. The primary goal of the Compensation Committee as it relates to compensation matters is to ensure that the compensation provided to the Named Executive Officers and the Corporation’s other executive officers is determined with regard to the Corporation’s business strategies and objectives, such that the financial interest of the executive officers is aligned with the financial interest of shareholders, and to ensure that their compensation is fair and reasonable and sufficient to attract and retain qualified and experienced executives. The Compensation Committee is given the authority to engage and compensate any outside advisor that it determines to be necessary to carry out its duties.

As a whole, the members of the Compensation Committee have direct experience and skills relevant to their responsibilities in executive compensation, including with respect to enabling the Compensation Committee in making informed decisions on the suitability of the Corporation’s compensation policies and practices. Each of the members of the Compensation Committee has experience on the board of directors and related committees of other public companies, as described under “*Particulars of Matters to be Acted Upon - Election of Directors*” in this Circular.

#### ***Executive Compensation-Related Fees***

During the financial year ended December 31, 2016, neither the Board nor the Compensation Committee retained a compensation consultant or advisor to assist the Board or the Compensation Committee in determining the compensation for any of the Corporation’s executive officers’ or directors’ compensation.

#### **Summary Compensation Table – Named Executive Officers**

The following table sets forth the compensation paid or awarded to the Chief Executive Officer and the Chief Financial Officer (collectively, the “**Named Executive Officers**”) for the Corporation’s financial years ended December 31, 2016, 2015 and 2014. The Corporation has two “executive officers” as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations* (“NI 51-102”) whose compensation must be disclosed for such financial years.

### Incentive Plan Awards – Named Executive Officers

Name & Principal Positions	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) <sup>(1)</sup>	Non-equity Incentive Plan Compensation		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long Term Incentive Plans (\$)			
Wade Dawe, CEO <sup>(3)</sup>	2016	Nil	Nil	Nil	Nil	Nil	Nil	70,000	70,000
Robert Randall, CFO <sup>(4)</sup>	2016	Nil	Nil	Nil	Nil	Nil	Nil	31,800	31,800
Robert Suttie, Former CFO & Interim CEO <sup>(2)</sup>	2016	Nil	Nil	Nil	Nil	Nil	Nil	25,900	25,900
	2015	Nil	Nil	Nil	Nil	Nil	Nil	60,000	60,000
	2014	Nil	Nil	Nil	Nil	Nil	Nil	60,000	60,000

**Notes:**

- (1) The fair value of the stock options has been calculated using the Black-Scholes option pricing model.
- (2) Mr. Suttie stepped down as Interim Chief Executive Officer on April 15, 2016 and Chief Financial Officer of the Corporation on August 10, 2016.
- (3) Mr. Dawe was named Chief Executive Officer on April 15, 2016 with any fees paid to Brigus Capital Inc. a company controlled by Mr. Dawe.
- (4) Mr. Randall was named Chief Financial Officer on August 10, 2016 with any fees paid to Randall Consulting Inc. a company controlled by Mr. Randall.

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

The following table sets forth all share-based and option-based awards outstanding for the Named Executive Officers as of December 31, 2016:

Name	Option-Based Awards				Share-Based Awards		
	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup>	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested <sup>(2)</sup>	Market or payout value of vested share-based awards not paid out or distributed
	(#)	(\$)	(mm/dd/yy)	(\$)	(#)	(\$)	(\$)
Wade Dawe, CEO	66,667	\$0.30	11/21/19	\$4,000	Nil Nil	Nil Nil	Nil Nil
Robert Randall, CFO	Nil	N/A	N/A	N/A	Nil	Nil	Nil

**Notes:**

- (1) The “value of unexercised in-the-money options” is calculated based on the difference between the closing price of \$0.36 (adjusted for the 1-for-3 consolidation of the Common Shares) for the Common Shares on the Exchange on April 30, 2015 (being the last date of trading activity for the year ended December 31, 2016) and the exercise price of the options, multiplied by the number of unexercised options.

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

The following table sets forth the value of all incentive plan awards vested or earned for each Named Executive Officer during the year ended December 31, 2016.

<b>Name &amp; Principal Positions</b>	<b>Option-based awards – Value vested during the year<sup>(1)</sup></b>	<b>Share-based awards – Value vested during the year<sup>(2)</sup></b>	<b>Non-equity incentive plan compensation – Value earned during the year</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Wade Dawe, CEO	Nil	Nil	Nil
Robert Randall, CFO	Nil	Nil	Nil

**Notes:**

- (1) The “option-based awards – value vested during the year” is calculated based on the difference between the closing price for the Common Shares on the Exchange as of the date of vesting and the exercise price of the options, multiplied by the number of vested options.
- (2) The “share-based awards – value vested during the year” is calculated based on the closing price on the date of vesting multiplied by the number of shares vested.

**Director Compensation**

For the Corporation’s most recently completed fiscal year ended December 31, 2016, except as noted below, no compensation of any kind was accrued, owing or paid to any of the Corporation’s directors for acting in their capacity as such:

<b>Name</b>	<b>Fees (\$)</b>	<b>Share-Based Awards (\$)</b>	<b>Option Based Awards (\$)</b>	<b>Non-equity Incentive Plan Compensation</b>	<b>Pension Value (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total Compensation (\$)</b>
Kevin Bullock	22,000	Nil	Nil	Nil	Nil	Nil	22,000
Carl B. Hansen	10,000	Nil	Nil	Nil	Nil	Nil	10,000
Wade K. Dawe	8,000	Nil	Nil	Nil	Nil	Nil	8,000
James (Jim) Megann	10,000	Nil	Nil	Nil	Nil	Nil	10,000
Philip Armstrong	3,500	Nil	Nil	Nil	Nil	Nil	3,500

*Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth all awards outstanding for each of the directors of the Corporation as of December 31, 2016:

Name	Option-Based Awards				Share-Based Awards		
	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup>	Number of shares or units of shares that have not vested	Market or payout value of share based awards that have not vested	Market or payout value of vested share-based awards not paid out or distributed
	(#)	(\$)	(mm/dd/yy)	(\$)	(#)	(\$)	(\$)
Kevin Bullock	66,667	0.30	May 24, 2018	4,000	Nil	Nil	Nil
Carl B. Hansen	66,667	0.30	May 24, 2018	4,000	Nil	Nil	Nil
James (Jim) Megann	66,667	0.30	Nov 21, 2019	4,000	Nil	Nil	Nil
Philip Armstrong	Nil	n/a	n/a	n/a	Nil	Nil	Nil

**Notes:**

- (1) The “value of unexercised in-the-money options” is calculated based on the difference between the closing price of \$0.36 (adjusted for the 1-for-3 consolidation of the Common Shares) for the Common Shares on the Exchange on April 30, 2015 (being the last date of trading activity for the year ended December 31, 2016) and the exercise price of the options, multiplied by the number of unexercised options.

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

The following table sets forth the value of all incentive plan awards vested or earned by each director of the Corporation during the year ended December 31, 2016:

Name	Option-based awards – Value vested during the year <sup>(1)</sup>	Share-based awards – Value vested during the year	Non-equity incentive plan compensation – Value earned during the year
	(\$)	(\$)	(\$)
Kevin Bullock	Nil	Nil	Nil
Carl B. Hansen	Nil	Nil	Nil
James (Jim) Megann	Nil	Nil	Nil
Philip Armstrong	Nil	Nil	Nil

**Notes:**

- (1) The “value vested during the year” is calculated based on the difference between the closing price for the Common Shares on the Exchange as of the date of vesting and the exercise price of the options, multiplied by the number of vested options.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information regarding the number of Common Shares to be issued upon the exercise of outstanding options and the weighted-average exercise price of the outstanding options in connection with the Plan as at December 31, 2016:

<b>Plan Category</b>	<b>Number of Common Shares to be issued upon exercise of outstanding options</b>	<b>Weighted-average exercise price of outstanding options</b>	<b>Number of Common Shares remaining available for future issuance under equity compensation plans</b>
	<b>#</b>	<b>\$</b>	<b>#</b>
<b>Equity compensation plans approved by security holders</b>	616,666	\$0.315	1,748,167
<b>Equity compensation plans not approved by security holders</b>	Nil	Nil	Nil
<b>Total</b>	616,666	\$0.315	1,748,167

## INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

As at the date of this Circular, no individual who is an executive officer, director, employee or former executive officer, director or employee of the Corporation or any of its subsidiaries is indebted to the Corporation or any of its subsidiaries pursuant to the purchase of securities or otherwise.

No individual who is, or at any time during the financial year ended December 31, 2016 was, a director or executive officer of the Corporation, a proposed management nominee for election as a director of the Corporation, or an associate of any such director, executive officer or proposed nominee, was indebted to the Corporation or any of its subsidiaries during the financial year ended December 31, 2016 or as at the date of this Circular in connection with security purchase programs or other programs.

## REPORT ON CORPORATE GOVERNANCE

The Board and the Corporation's management are committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making. National Policy 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices.

Pursuant to National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101"), the Corporation is required to disclose its corporate governance practices. A description of the Corporation's corporate governance practices, which addresses the matters set out in NI 58-101, is set out at Schedule "A" to this Circular. The Board will continue to monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

## AUDIT COMMITTEE

The Audit Committee's primary purpose is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting and accounting compliance, the audit process and processes for identifying, evaluating and monitoring the management of the Corporation's principal risks impacting financial reporting. The committee also assists the Board with the oversight of financial strategies and overall risk management.

The Audit Committee is composed of Carl B. Hansen (Chair), Kevin Bullock and James (Jim) Megann, each of whom is a director of the Corporation. In accordance with Exchange Policy 3.1, the majority of the Audit Committee are not employees, Control Persons (as defined by the rules and policies of the Exchange) or officers of the Corporation.

All of the members of the Audit Committee are "independent" as such term is defined in National Instrument 52-110 – *Audit Committees* ("NI 52-110"). The Corporation is of the opinion that all three members of the Audit Committee are "financially literate" as such term is defined in NI 52-110. A copy of the charter of the Audit Committee (the "**Audit Committee Charter**") is attached as Schedule "B" to this Circular.

### **Relevant Education and Experience**

All the members of the Audit Committee have the education and/or practical experience required to understand and evaluate financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements.

#### ***Carl B. Hansen***

Carl B. Hansen has over 25 years of industry experience, including 13 years in senior managerial positions. Mr. Hansen served for five years as Manager, Investor Relations for TVX Gold Inc., five years as President and CEO of Andina Minerals Inc., and, since 2009, President and CEO of Atacama Pacific Gold Corporation. These positions required a working knowledge of internal controls and financial reporting and associated statements. In addition, Mr. Hansen has completed financial reporting short courses with the Richard Ivey School of Business and the Schulich Business School, and serves on the audit committee of Colombia Crest Gold Corp.

#### ***Kevin Bullock***

Kevin Bullock has been involved in the mining industry for over 30 years, and has been reviewing financial reports for over 20 years. He is currently the CEO of golden Reign Resources and was previously the Corporate Development Advisor for B2Gold. Mr. Bullock was the founding President of Volta Resources Inc. and was the CEO from its inception in 2003 until its acquisition by B2Gold Corp. in December 2013. Mr. Bullock has appropriate financial knowledge and experience and has a comprehensive understanding of financial reporting.

#### ***James (Jim) Megann***

Jim, a mining executive and business leader, has been Managing Director of Numus Financial since the company's inception in 2014. Numus Financial is a venture capital firm specializing in delivery of management services and financial consultation for start-up companies seeking capital partners. He also serves as President and CEO of Stockport Exploration and is a former Board Chair of NWest Energy as

well as a Director of Sona Nanotechnology. Jim has extensive experience in marketing and business growth. His work in the venture capital industry has focused on early-stage businesses in the life-science and technology industries and has served as a management consultant to several early-stage start-ups.

### **Audit Committee Oversight**

At no time since the commencement of the Corporation's most recently completed financial year have any recommendations by the Audit Committee respecting the appointment and/or compensation of the Corporation's external auditors not been adopted by the Board.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on exemptions in relation to "*De Minimis Non-audit Services*" or any exemption provided by Part 8 of NI 52-110.

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

Pursuant to the terms of the Audit Committee Charter, the Audit Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditor.

### **External Auditor Service Fees (By Category)**

- (a) *Audit Fees* - The Corporation's external auditors billed the Corporation \$15,000 for the year ended December 31, 2016 and \$15,000 for the year ended December 31, 2015 for audit fees.
- (b) *Audit-Related Fees* – The Corporation incurred no fees during the financial years ended December 31, 2016 and 2015 for assurance and related services that are reasonably related to the performance of the audit and review of the financial statements and not included in the amounts noted above under *Audit Fees*.
- (c) *Tax Fees* – The Corporation's external auditors billed approximately \$2,500 for tax work during each of the last two years ended December 31, 2016 and 2015, for tax fees.
- (d) *All Other Fees* – The Corporation incurred \$8,000 in professional fees associated with the Corporation's Change in Business application. The Corporation also incurred administrative fees of \$1,050 in the year ended December 31, 2016 and \$1,225 in the year ended December 31, 2015, for services other than those reported above.

### **Exemption**

The Corporation is relying upon the exemption in section 6.1 of NI 52-110.

### *Gender Diversity*

The Corporation has a formal policy related to diversity, including gender, age, ethnicity, disability, and geographical background, on the Board and on the management team. The Board is aware of the benefit of diversity on the Board and within the management team of the Corporation. The Board takes gender diversity into consideration during the recruitment and selection process of the Board and management positions.

The Corporation ensures there is a diverse Board, with a sufficient number of directors, to encourage a variety of opinions and insights on matters which come before the Board, while at the same time limiting its membership to a number of directors that facilitates effective and efficient decision-making. Recommendations concerning director appointments are based on merit and performance. Diversity is taken into consideration and is considered advantageous as it relates to qualifications, insights and experiences.

In the recruitment for new directors or officers, the Board considers the level of female representation and diversity on the Board and in management positions. This is one of several factors used in its search process. This will be achieved through continuously monitoring the level of female representation on the Board and in management positions and, where appropriate, recruiting qualified female candidates as part of the Corporation's overall recruitment and selection process to fill Board or management positions.

The Board has not adopted targets regarding the representation of women on the Board and in executive officer positions due to the small size of the Corporation, the small number of employees, and the need to consider a balance of criteria in each individual appointment. It is important that each appointment to the Board or in executive officer positions be made based on the merits of the individual and the need of the Corporation at that point in time. In addition, targets based on one specific criteria such as gender could limit the Board's ability to ensure that the overall composition of the Board or management of the Corporation meets the needs of the Corporation.

Currently, none (0%) of the executive officers of the Corporation is female, and none (0%) of the five directors is female.

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

To the knowledge of management of the Corporation, no director or executive officer of the Corporation, no director or officer of a body corporation that is itself an informed person of the Corporation, no person who beneficially owns, directly or indirectly, common shares carrying more than 10% of the voting rights attached to all outstanding common shares of the Corporation and no associate or affiliate of the foregoing has any material interest, direct or indirect, in any transaction since the beginning of the Corporation's last completed financial year or in any proposed transaction which in either case, has materially affected or would materially affect the Corporation or any of its subsidiaries.

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

##### **1. Election of Directors**

The number of directors on the Board to be elected is five (5). It is intended that each person whose name appears below will be nominated at the Meeting for election as a director of the Corporation to serve until the next meeting of Shareholders or until a successor is elected or appointed. The enclosed form of proxy permits Shareholders to vote for each nominee on an individual basis.

**COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF EACH OF THE PROPOSED NOMINEES UNLESS A SHAREHOLDER HAS SPECIFIED IN HIS, HER OR ITS PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF ANY PARTICULAR NOMINEE OR NOMINEES. MANAGEMENT DOES NOT CONTEMPLATE THAT ANY OF SUCH NOMINEES WILL BE UNABLE TO SERVE AS DIRECTORS. 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 MANAGEMENT NOMINEES WILL BE VOTED FOR ANOTHER NOMINEE IN THEIR DISCRETION UNLESS THE SHAREHOLDER HAS SPECIFIED IN HIS, HER OR ITS PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF ANY PARTICULAR NOMINEE OR NOMINEES.**

The following tables set out certain information as of the date of this Circular (unless otherwise indicated) with respect to the persons being nominated at the Meeting for election as directors. Information regarding Common Shares owned by each director of the Corporation is presented to the best knowledge of management of the Corporation and has been furnished to management of the Corporation by such directors.

<b>KEVIN BULLOCK (Age: 52)</b>	<b>Principal Occupation During Past 5 Years and Biographical Information</b>
<p>Toronto, Ontario, Canada</p> <p>Director Since: January 1, 2001</p> <p><b>NON-EXECUTIVE CHAIRMAN</b></p> <p><b>INDEPENDENT</b></p> <p><b>Member of the Audit Committee</b></p> <p><b>Chair of Compensation Committee</b></p> <p><b>Other Public Board Memberships</b></p> <p><b>Number of Common Shares Beneficially Owned, Controlled or Directed</b></p>	<p>Kevin Bullock is a registered Professional Mining Engineer in the Province of Ontario. He is currently the CEO of Golden Reign Resources and was previously the Corporate Development Advisor for B2Gold from January 20-14 to December 2014. Mr. Bullock was the founding President of Volta Resources Inc. (formerly Goldcrest Resources Ltd.) and was the CEO from its inception in 2003 until its acquisition by B2Gold Corp. in December 2013. Mr. Bullock has over 30 years' experience, at senior levels, in mining exploration, mine development and mine operations. Mr. Bullock has a broad knowledge base in the mineral industry and has completed several exploration and mining projects, both in North America and abroad, including projects in Mexico, Sweden, Argentina, Nicaragua and West Africa, where he was the general manager of IAMGOLD Corporation. Throughout his career, Mr. Bullock has been involved in projects from inception through exploration to development and production.</p> <p>Mr. Bullock expects to devote approximately 10% of his time to the affairs of the Corporation.</p> <p>B2Gold Corp. (TSX)  Anaconda Mining Inc. (TSX)  Golden Reign Resources (TSX.V)  New Millennium Iron (TSX)</p> <p>253,833<sup>1</sup></p>

<sup>1</sup> Of which 33,333 shares are held directly, 175,000 are held in RRSP's, 9,833 shares are held in TFSA's and 69,000 shares are held by Lindsay Mine Services, Ltd. (a company controlled by Kevin Bullock).

**CARL B. HANSEN (Age: 55)**

**Principal Occupation During Past 5 Years and Biographical Information**

Mississauga, Ontario, Canada

Director Since: November 7, 2008

**INDEPENDENT**

**Member of the Audit Committee**

**Other Public Board Memberships**

**Number of Common Shares  
Beneficially Owned, Controlled or  
Directed**

Mr. Hansen is a geologist and venture capitalist with significant public markets experience. Mr. Hansen has 25 years of experience in the exploration and mining industry. He was the co-founder of Andina Minerals and its President and CEO until January 2009 and is currently President and CEO of Atacama Pacific Gold Corporation, a company that he took public in 2011. Mr. Hansen is also the President of Swansea Holding Inc., a privately-held venture capital firm investing in the software technology industry. He is the Treasurer of both Aviation InterTec Services, which specializes in aviation maintenance software solutions, and EZStuff Software, a publisher of scientific data collection software. He has held senior head office positions with TVX Gold Inc. and Kinross Gold Corporation, as well as operational positions with Inco Limited (now CVRD Inco Limited). Mr. Hansen received a Geological Technician diploma from Cambrian College in 1983 and an Honours Bachelor of Science, Geology degree from Laurentian University in 1988.

Mr. Hansen expects to devote approximately 10% of his time to the affairs of the Corporation.

Columbia Crest Gold Corp. (TSX-V)  
Atacama Pacific Gold Corporation (TSX-V)  
Satori Resource Inc. (TSX-V)  
Antler Gold Inc. (TSX-V)

192,667



<b>JAMES (JIM) MEGANN (Age: 51) Principal Occupation During Past 5 Years and Biographical Information</b>	
<p>Fall River, Nova Scotia, Canada</p> <p>Director Since: August 27, 2013</p> <p><b>INDEPENDENT</b></p> <p><b>Member of the Audit Committee</b></p> <p><b>Member of Compensation Committee</b></p> <p><b>Member of the Nominating Committee</b></p> <p><b>Other Public Board Memberships</b></p> <p><b>Number of Common Shares Beneficially Owned, Controlled or Directed</b></p>	<p>Mr. Megann is a mining executive and a business leader. Mr. Megann was appointed President &amp; CEO of Stockport Exploration Inc. in early 2012 after serving as the director of Investor Relations of Stockport. He served as Director of Investor Relations and Marketing for Linear Metals Corporation and has more than 25 years' experience in the communications and marketing industry. Prior to joining Linear, Mr. Megann was Senior Vice-President of m5 Marketing Communication ("m5"). While at m5, Mr. Megann led teams in a wide variety of communication disciplines. Mr. Megann is also a principle of Numus Financial, a venture capital firm specializing in delivery of management services and financial consultation for start-up companies seeking capital partners. Mr. Megann received a Bachelor of Arts Degree at Memorial University of Newfoundland. Mr. Megann is also a Director with Stockport Exploration, a Nova Scotia-based Canadian natural resource company focused on exploration properties in south-western Kenya.</p> <p>Mr. Megann expects to devote approximately 10% of his time to the affairs of the Corporation.</p> <p>Stockport Exploration Inc. (TSX-V) Antler Gold Inc. (TSX-V)</p> <p>234,333</p>

<b>PHILIP ARMSTRONG (Age: 66) Principal Occupation During Past 5 Years and Biographical Information</b>	
<p>Toronto, Ontario, Canada</p> <p>Director Since: May 20, 2016</p> <p><b>INDEPENDENT</b></p> <p><b>Member of Compensation Committee</b></p> <p><b>Member of the Nominating Committee</b></p> <p><b>Other Public Board Memberships</b></p> <p><b>Number of Common Shares Beneficially Owned, Controlled or Directed</b></p>	<p>Mr. Armstrong has spent over 40 years in the financial service industry starting his career with Lloyds Bank in the UK. Mr. Armstrong was an original partner and CEO of Altamira Investment Services Inc. Altamira pioneered the direct sale mutual fund business in Canada and grew to manage approximately \$15 billion in assets. Altamira was sold to National Bank Financial. After leaving Altamira, Mr. Armstrong was a founder and CEO of Jovian Capital Corporation, a public company whose mandate was to acquire, create, and grow companies in the asset and wealth management sectors. Jovian was sold to Industrial Alliance in October 2013.</p> <p>Mr. Armstrong has served as Chairman of the Investment Funds Institute of Canada and The Mutual Fund Dealer's Association. In addition he served on the board of the Ireland Fund of Canada. Mr. Armstrong holds a Bachelor of Arts (Law) Hons.</p> <p>Mr. Armstrong expects to devote approximately 25% of his time to the affairs of the Corporation.</p> <p>Currently, Mr. Armstrong is also the director of Marret Resources Corp. (TSX) and a number of private companies.</p> <p>100,000</p>

### Corporate Cease Trade Orders

To the knowledge of the Corporation, no proposed director is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

- (a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an “**Order**”), which Order was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company.

The foregoing information, not being within the knowledge of the Corporation, has been furnished by the proposed directors.

### **Bankruptcies, or Penalties or Sanctions**

To the knowledge of the Corporation, no proposed director:

- (a) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (b) has, within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets;
- (c) 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
- (d) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

The foregoing information, not being within the knowledge of the Corporation, has been furnished by the proposed directors.

## **2. Appointment of Auditors**

Management proposes to nominate MNP LLP, Chartered Accountants, which firm has been auditor of the Corporation since November 2008 as auditor of the Corporation to hold office until the next annual meeting of Shareholders.

**IT IS INTENDED THAT THE COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF MNP LLP, CHARTERED ACCOUNTANTS, AS AUDITOR OF THE CORPORATION AND THE AUTHORIZING OF THE DIRECTORS TO FIX ITS REMUNERATION.**

### **3. Approval of Stock Option Plan**

At the Meeting, management of the Corporation will be seeking shareholder approval to adopt the Stock Option Plan in accordance with, and subject to, the policies of the Exchange.

#### *Summary of Stock Option Plan*

The policies of the Exchange provide that the Board may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees, management company employees and consultants of the Corporation and its Affiliates, non-transferable options to purchase Common Shares for a period of up to ten years from the date of grant, provided that the number of Common Shares reserved for issuance may not exceed 10% of the total issued and outstanding Common Shares at the date of the grant.

The purpose of the Stock Option Plan, pursuant to which the Corporation may grant incentive stock options, is to promote the profitability and growth of the Corporation by facilitating the efforts of the Corporation to obtain and retain key individuals. The Stock Option Plan provides an incentive for and encourages ownership of the Common Shares by its key individuals so that they may increase their stake in the Corporation and benefit from increases in the value of the Common Shares. Pursuant to the Stock Option Plan, the maximum number of Common Shares reserved for issuance in any 12 month period to any one optionee other than a consultant may not exceed 5% of the issued and outstanding Common Shares at the date of the grant. The maximum number of Common Shares reserved for issuance in any 12 month period to any consultant may not exceed 2% of the issued and outstanding Common Shares at the date of the grant and the maximum number of Common Shares reserved for issuance in any 12 month period to all persons engaged in investor relations activities may not exceed 2% of the issued and outstanding number of Common Shares at the date of the grant.

Incentive stock options may be exercised until the earlier of: (a) the expiry time of such option; and (b) 90 days (or such other period as may be determined by the Board, provided such period is not more than one year) following the date the optionee ceases to be a director, officer or employee of the Corporation or its Affiliates or a consultant or a management company employee, provided that if the cessation of such position or arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Notwithstanding the foregoing, in the event of termination for cause, all options held by such terminated optionee will be cancelled immediately. In the term of any option expires within or immediately following a "blackout period" imposed by the Corporation, the option shall expire on the date that is ten business days following the end of such blackout period. In the event that the Corporation becomes listed on the Toronto Stock Exchange, the Stock Option Plan provides that the Board may grant options which allow an optionee to elect to exercise its option on a "cashless basis", whereby the optionee, instead of making a cash payment for the aggregate exercise price, shall be entitled to be issued such number of Common Shares equal to the number which results when: (i) the difference between the aggregate Fair Market Value of the Common Shares underlying the option and the aggregate exercise price of such option is divided by (ii) the Fair Market Value of each Common Share. "Fair Market Value" as defined in the Plan means the closing price as reported by the Toronto Stock Exchange (in the event that the Corporation becomes listed on the Toronto Stock Exchange) on the last trading day immediately preceding the exercise date. Options may be granted with a maximum expiry term of 10 years. The Stock Option Plan contains a detailed

amending provision that sets out the circumstances where Exchange and Shareholder approval will be required and those circumstances where Exchange approval, but not Shareholder approval, will be required.

As at May 30, 2017, a total of 616,666 Common Shares were issuable under the Stock Option Plan representing 2.6% of the issued and outstanding Common Shares.

#### Approval of the Stock Option Plan

As the Stock Option Plan provides for a rolling maximum number of Common Shares which may be issuable upon the exercise of options granted under the Plan, Exchange Policy 4.4 requires that the Stock Option Plan receive shareholder approval each year at the annual meeting of shareholders.

Accordingly, Shareholders will be asked to consider and, if thought appropriate, pass a resolution approving the Stock Option Plan.

The Board has unanimously approved the Stock Option Plan and recommends that Shareholders vote FOR the resolution regarding the Stock Option Plan. An affirmative vote of a majority of the votes cast at the Meeting is sufficient to pass the resolution approving the resolution regarding the Stock Option Plan.

The complete text of the resolution which management intends to place before the Meeting for approval, confirmation and adoption, with or without modification, is as follows:

**“WHEREAS** the policies of the TSX Venture Exchange require shareholder approval for the continuation of the rolling stock option plan of the Corporation (the **“Stock Option Plan”**);

**RESOLVED THAT:**

1. the Stock Option Plan is hereby authorized and approved.
2. any one officer and director of the Corporation be and is hereby authorized for and on behalf of the Corporation to execute and deliver all such instruments and documents and to perform and do all such acts and things as may be deemed advisable in such individual’s discretion for the purpose of giving effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.”

#### **4. Ratification of Restricted Share Unit Plan**

The Board intends to adopt a restricted share unit plan (the **“RSU Plan”**), the particulars of which are described below. The Board is seeking the approval of the Shareholders to the RSU Plan.

The purpose of the RSU Plan is to allow the Corporation to attract and retain individuals with experience and exceptional skill, and to allow selected executives, key employees and consultants of the Corporation (an **“RSU Participant”**) to acquire restricted share units (the **“RSUs”**) with a view to enabling them to participate in the long-term success of the Corporation by promoting a greater alignment of interests between the shareholders and the RSU Participants. The RSU Plan will be available for inspection and placed before the shareholders for approval at the Meeting.

The RSU Plan will be administered by the Board. Under the RSU Plan, the Board will recommend the RSU Participants to whom grants should be made (the **“Grant”**) based on the RSU Participant’s current

and potential contribution to the success of the Corporation. The Board determines the terms and conditions upon which a Grant is made, including any performance criteria or vesting period attached to the Grant. In respect of any person performing investor relations activities for the Corporation, such vesting period must vest in stages over a period of not less than 12 months with no more than  $\frac{1}{4}$  of the RSUs vesting in any three month period.

Upon vesting, each RSU entitles the RSU Participant to receive, subject to adjustments as provided for in the RSU Plan, one Common Share for the equivalent thereof, provided that the Participant is continuously employed with, or providing services to, the Corporation from the Effective Date of such Grant to the Release Date (as those terms are defined in the RSU Plan). The terms and conditions of vesting of each Grant is determined by the Board at the time of the Grant. RSUs may not be sold, transferred, assigned, pledged or otherwise encumbered or disposed of (other than to the RSU Participant's beneficiary or estate, as the case may be, upon the death of the RSU Participant) during the vesting period. RSUs track the value of the underlying Common Shares, but do not entitle the recipient to the underlying Common Shares until such RSUs vest, nor do they entitle an RSU Participant to exercise voting rights or any other rights attaching to ownership or control of the Common Shares, until the RSU vests and the RSU Participant receives Common Shares.

In the event of a change in control of the Corporation, and unless otherwise determined by the Board, or otherwise addressed in the RSU Participant's employment or service contract or share compensation plan approved by the Board, with respect to each Grant outstanding on the effective date of such change in control, and subject to the acceptance of the TSX-V, all RSUs shall vest as of the effective date of the change in control; and, provided that each RSU Participant is continuously employed by or providing services to the Corporation, such RSU Participant shall be entitled to receive from the Corporation, one CIC Share (as defined in the RSU Plan), or the number of Consideration Shares (as defined in the RSU Plan) rounded to the nearest whole number, that is equal to the sum of: (i) the number of Consideration Shares received by the Shareholders in respect of one Common Share; and (ii) the number of Consideration Shares that the Board determines represents the fair market value of any cash or other property received by the Shareholders of the Corporation in respect of one Common Share.

The Corporation may from time to time impose trading blackouts during which some or all RSU Participants may not trade in the securities of the Corporation. In the event that a trading blackout is imposed by management or the Board, RSU Participants subject to the blackout are prohibited from buying, selling or otherwise trading in securities of the Corporation until such time as notice is formally given by the Corporation that trading may resume. If the Effective Date (as defined in the RSU Plan) of any Grant falls within such a blackout period, it shall be automatically extended to the date which is ten business days following the end of such blackout period.

In the event of termination of employment without cause or the retirement or permanent disability of a RSU Participant, the RSU Participant shall be entitled to the settlement of the pro rata portion of RSUs based on the proportion of the performance period worked prior to termination. Any remaining RSUs terminate. In the event of voluntary resignation or termination for cause of a RSU Participant, all unvested RSUs outstanding immediately terminate. In the event of the death of a RSU Participant, the estate of the RSU Participant shall be entitled to receive on the subsequent settlement date the Common Shares to which the RSU Participant would have been entitled to receive on that date. All other outstanding unvested RSUs terminate.

The Board may, at any time and from time to time, amend, suspend or terminate the RSU Plan in whole or in part. Subject to certain limited exceptions, the Board may from time to time amend the terms of Grants made under the RSU Plan, subject to confirmation by the Board and the obtaining of any required regulatory or other approvals and, if any such amendment will materially adversely affect the rights of an

RSU Participant with respect to a Grant, the obtaining of the written consent of such RSU Participant to such amendment. Without limiting the generality of the foregoing, the Board may make the following amendments to the DSU Plan without obtaining shareholder approval:

- a) Amendments to the terms and conditions of the RSU Plan necessary to ensure that the RSU Plan complies with the applicable laws, regulations, rules, orders of governmental or regulatory authorities or the requirements of the TSX-V in place from time to time;
- b) Amendments to the provisions of the RSU Plan respecting administration of the RSU Plan and eligibility for participation under the RSU Plan;
- c) Amendments to the provisions of the RSU Plan respecting the terms and conditions on which Grants may be made pursuant to the RSU Plan;
- d) Amendments to the RSU Plan that are of a "housekeeping" nature; and
- e) Any other amendments, fundamental or otherwise, not requiring shareholder approval under applicable laws or applicable policies of the TSX-V.

The Board may not, without the approval of the Corporation's shareholders, make the following amendments to the RSU Plan:

- a) An increase to the RSU Plan maximum or the number of Common Shares reserved for issuance under the RSU Plan;
- b) Amendment provisions granting additional powers to the Board to amend the RSU Plan or entitlements thereunder;
- c) Extension of the termination or expiry of a Grant or the removal or increase of insider participation limits (discussed further below); and
- d) A change to the definition of "Designated Person" or "Director".

The Board has determined that the maximum number of Common Shares available for issuance upon the vesting of RSUs, combined with the number of Common Shares reserved for issuance under all security-based compensation arrangements of the Corporation (including the Corporation's Stock Option Plan), will not exceed the lesser of (i) 800,000 Common Shares, and (ii) 10% of the issued and outstanding Common Shares at the date of the grant less the number of Common Shares available for grant under the Corporation's Stock Option Plan or any other security-based compensation plan. The maximum number of Common Shares reserved for issuance at any time and issued within any one-year period to any insider of the Corporation pursuant to the RSU Plan, and all other security-based compensation arrangements, cannot exceed 5% of the Corporation's total issued and outstanding Common Shares at the time of the grant. The maximum number granted reserved for issuance at any time and issued within any one-year period to any single person performing investor relations activities or other consulting activities for the Corporation, pursuant to the Plan and all other security-based compensation arrangements, cannot exceed 2% of the Corporation's total issued and outstanding Common Shares at the time of the grant.

The RSU Plan must be approved by at least a majority of votes cast at the Meeting by the "disinterested shareholders" who vote in respect of the approval of the RSU Plan (present in person or represented by proxy). "Disinterested shareholders" mean all Shareholders of the Corporation who are not directors, officers, promoters, or other insiders of the Corporation, or their associates or affiliates, as such terms are defined under the *Securities Act* (Ontario).

To the knowledge of the Corporation, Shareholders who are ineligible to vote on the approval of the Stock Option Plan and their shareholdings are as follows:

Name of Insider, Associate or Affiliate	Number of Shares
Wade Dawe, CEO and Director	3,520,000
Kevin Bullock, Director	253,833
Carl Hansen, Director	192,667
James Megann, Director	234,333
Phillip Armstrong, Director	100,000
Robert Randall, CFO & Secretary	-

Based on the foregoing, Shareholders are being requested to consider and, if thought advisable, to pass the following ordinary resolution approving the RSU Plan, with or without variation:

“WHEREAS the Board of Directors has proposed a restricted share unit plan (the “**RSU Plan**”) as described in the Corporation’s management information circular for the Meeting to be held on May 30, 2017, subject to the approval of the TSX Venture Exchange and the holders of Common Shares;

NOW BE IT RESOLVED that:

- 1 The RSU Plan, as approved by the Board of Directors, is hereby confirmed and approved;
2. The RSU Plan providing for the treasury issuance of common shares of the Corporation upon redemption of restricted share units (“**RSUs**”) that are granted after the date hereof, substantially as incorporated in the form of the RSU Plan presented to the shareholders of the Corporation, is hereby approved, subject to such revisions as may be required by any stock exchange upon which the Corporation is listed from time to time, and any director or officer of the Corporation is hereby authorized and directed to settle the terms thereof and to execute and deliver for and on behalf of and in the name of the Corporation the RSU Plan and any other documents in relation thereto as may be approved by such director or officer (the “**RSU Plan Documents**”), and the RSU Plan Documents so executed shall be conclusively deemed to be the RSU Plan Documents authorized and approved by this resolution and the Corporation is authorized to perform its obligations under the RSU Plan and any associated RSU Plan Documents;
3. Any one director or officer of the Corporation be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Corporation or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolutions; and
4. The directors be authorized in their sole discretion not to proceed with the RSU Plan, or to terminate the RSU Plan, without further approval from the shareholders.”

The Board has concluded that the RSU Plan is in the best interests of the Corporation and its shareholders. Accordingly, the Board unanimously recommends that the shareholders approve the RSU Plan, by voting FOR this resolution at the Meeting.

**Proxies received in favour of management will be voted FOR the RSU Plan unless the shareholder has specified in the proxy that his or her Common Shares are to be voted against such resolution. Where no choice is specified by a shareholder, the proxy will confer discretionary authority and will be voted FOR the RSU Plan Resolution ratifying, confirming and approving the adoption of the RSU Plan.**

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

No person or company who is, or at any time during the financial year ended December 31, 2016 was, a director or executive officer of the Corporation, a proposed management nominee for election as a director of the Corporation, or an associate or affiliate of any such director, executive officer or proposed nominee, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of directors.

#### **REGISTRAR AND TRANSFER AGENT**

TSX Trust Company, located at Suite 400, 200 University Avenue, Toronto, Ontario, M5H 4H1, is the Corporation's registrar and transfer agent.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation's audited financial statements and Management's Discussion and Analysis ("MD&A") for the year ended December 31, 2016. In addition, copies of the Corporation's annual financial statements and MD&A and this Circular may be obtained upon request to the Corporation. The Corporation may require the payment of a reasonable charge if the request is made by a person who is not a Shareholder of the Corporation.

## SCHEDULE "A"

### STATEMENT OF GOVERNANCE PRACTICES

Governance Disclosure Requirement Under the Corporate Governance National Instrument 58-101 ("NI 58-101")	Comments
<b>Board of Directors</b>	
<p>1. Board of Directors—Disclose how the board of directors (the “<b>Board</b>”) of Torrent Capital Ltd. (the “<b>Corporation</b>”) facilitates its exercise of independent supervision over management, including</p> <p>(i) the identity of directors that are independent, and</p> <p>(ii) the identity of directors who are not independent, and the basis for that determination.</p>	<p>The Board currently consists of a total of four directors all of whom are considered “independent”, as such term is defined in NI 58-101.</p>
<p>2. Directorships—If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.</p>	<p>Please refer to the accompanying management information circular dated May 30, 2017 under the heading “Particulars of Matters to be Acted Upon - Election of Directors”.</p>
<b>Orientation and Continuing Education</b>	
<p>3. Describe what steps, if any, the Board takes to orient new Board members, and describe any measures the Board takes to provide continuing education for directors.</p>	<p>Each director ultimately assumes responsibility for keeping himself informed about the Corporation’s business and relevant developments outside the Corporation that affect its business. Management assists directors by providing them with regular updates on relevant developments and other information that management considers of interest to the Board. Directors may also attend other Board committee meetings if they are not active members, to broaden their knowledge base and receive additional information on the Corporation’s business and developments in areas where they are not commonly exposed.</p>
<b>Ethical Business Conduct</b>	
<p>4. Describe what steps, if any, the Board takes to encourage and promote a culture of ethical business conduct.</p>	<p>The Board of Directors of the Corporation has responsibility for the stewardship of the Corporation including responsibility for strategic planning, identification of the principal risks of the Corporation’s business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Corporation’s internal control and management information systems. To facilitate meeting this responsibility the Board of Directors seeks to foster a culture of ethical conduct by striving to ensure the Corporation carries out its business out in line with high business and moral standards and applicable legal and financial requirements. In that regard, the Board:</p> <ol style="list-style-type: none"> <li>1. encourages management to consult with legal and financial advisors to ensure the Corporation is meeting those requirements;</li> <li>2. is cognizant of the Corporation’s timely disclosure obligations and reviews material disclosure documents such as financial statements, Management’s Discussion and Analysis and press releases prior to their distribution;</li> <li>3. relies on its Audit Committee to annually review the systems of internal financial control and discuss such matters with the</li> </ol>

<b>Governance Disclosure Requirement Under the Corporate Governance National Instrument 58-101 (“NI 58-101”)</b>	<b>Comments</b>
	<p>Corporation’s external auditor;</p> <p>4. monitors the Corporation’s compliance with the Board’s directives and ensures that all material transactions are thoroughly reviewed and authorized by the Board before being undertaken by management; and</p> <p>5. has established a Code of Ethics Policy and Whistleblower Policy.</p> <p>To ensure that an ethical business culture is maintained and promoted, directors are encouraged to exercise their independent judgment. If a director has a material interest in any transaction or agreement that the Corporation proposes to enter into, such director is expected to disclose such interest to the Board in compliance with the applicable laws, rules and policies which govern conflicts of interest in connection with such transaction or agreement. Further, any director who has a material interest in any proposed transaction or agreement will be excluded from the portion of the Board meeting concerning such matters and will be further precluded from voting on such matters.</p>
<b>Nomination of Directors</b>	
<p>5. Disclose what steps, if any, are taken to identify new candidates for Board nomination, including: (i) who identifies new candidates, and (ii) the process of identifying new candidates.</p>	<p>The Nomination and Compensation Committee of the Board is responsible for the identification and assessment of potential directors. Members of the Board are canvassed with respect to the qualifications of a prospective candidate and each candidate is evaluated with respect to his or her experience and expertise, with particular attention paid to those areas of expertise that could complement and enhance current management. The Board also assesses any potential conflicts, independence or time commitment concerns that the candidate may present.</p>
<b>Compensation</b>	
<p>6. Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including: (i) who determines compensation, and (ii) the process of determining compensation.</p>	<p>The process undertaken by the Board and the Compensation Committee in respect of compensation is more fully described in the “Compensation Discussion and Analysis” section of the accompanying Circular.</p>
<b>Other Board Committees</b>	
<p>7. If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>In addition to the Audit Committee and the Nomination and Compensation Committee, the Board has also established a Corporate Governance and Disclosure Committee.</p> <p>The role of the Corporate Governance and Disclosure Committee is to:</p> <p>(a) oversee the development and maintenance of the corporate governance practices of the Corporation and make recommendations to the Board on amendments to such practices from time to time; and</p> <p>(b) oversee the development, establishment, maintenance, review and evaluation of controls and other procedures designed to ensure that information required to be disclosed by the Corporation in its publicly filed releases and reports is recorded, processed, summarized and reported within the applicable time period(s) specified in applicable rules and forms, and that the Corporation’s public disclosures are materially accurate and complete and otherwise comply with or exceed applicable disclosure requirements.</p>

<b>Governance Disclosure Requirement Under the Corporate Governance National Instrument 58-101 ("NI 58-101")</b>	<b>Comments</b>
<b>Assessments</b>	
8. Disclose what steps, if any, that the Board takes to satisfy itself that the Board, its committees, and its individual directors are performing effectively.	The Board is currently responsible for assessing the effectiveness of the Board, the individual directors and the four standing committees of the Board.

## **SCHEDULE "B"**

### **CHARTER OF THE AUDIT COMMITTEE**

This Charter shall govern the activities of the audit committee (the "**Audit Committee**") of the Board of Directors (the "**Board**") of Torrent Capital Ltd. (the "**Corporation**").

#### **1. BACKGROUND**

- 1.1 National Instrument 52-110 – Audit Committees (the "**Instrument**") relating to the composition and function of audit committees was implemented for reporting issuers and, accordingly, applies to every TSX Venture Exchange listed company, including the Corporation. The Instrument requires all affected issuers to have a written audit committee charter which must be disclosed, as stipulated by Form 52-110F2, in the management information circular of the Corporation wherein management solicits proxies from the security holders of the Corporation for the purpose of electing directors to the board of directors. The Corporation, as a TSX Venture Exchange-listed company is, however, exempt from certain requirements of the Instrument.
- 1.2 This Charter has been adopted by the board of directors in order to comply with the Instrument and to more properly define the role of the Audit Committee in the oversight of the financial reporting process of the Corporation. Nothing in this Charter is intended to restrict the ability of the Board or the Audit Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

#### **2. PURPOSE**

- 2.1 The primary function of the Audit Committee is to assist the Board in fulfilling its financial reporting and controls responsibilities to the shareholders of the Corporation and the investment community. The external auditors will report directly to the Audit Committee. The Audit Committee's primary duties and responsibilities are:
- (a) overseeing the integrity of the Corporation's financial statements and reviewing the financial reports and other financial information provided by the Corporation to any governmental body or the public and other relevant documents and overseeing the Corporation's compliance with legal and regulatory requirements, including the Instrument;
  - (b) recommending the appointment and reviewing and appraising the audit efforts of the Corporation's external auditor, overseeing the external auditor's qualifications and independence and providing an open avenue of communication among the external auditor, financial and senior management and the Board;
  - (c) serving as an independent and objective party to oversee and monitor the Corporation's financial reporting process and internal controls, the Corporation's processes to manage business and financial risk, and its compliance with legal, ethical and regulatory requirements;
  - (d) encouraging continuous improvement of, and fostering adherence to, the Corporation's policies, procedures and practices at all levels.

### **3. COMPOSITION**

- 3.1 The Audit Committee shall consist of a minimum of three Directors of the Corporation, including the Chair of the Audit Committee, all of whom shall meet the requirements of the Instrument. All members should be, to the extent possible, to the satisfaction of the Board, be “financially literate” as defined in the Instrument. A majority of the members of the Audit Committee shall be “independent” as defined in the Instrument.
- 3.2 The members of the Audit Committee shall be elected by the Board at the annual organizational meeting of the Board or until their successors are duly elected. The Board may remove a member of the Audit Committee at any time in its sole discretion by resolution of the Board. Unless a Chair is elected by the full Board, the members of the Audit Committee may designate a Chair by majority vote of the full membership of the Audit Committee.

### **4. DUTIES AND RESPONSIBILITIES**

- 4.1 The Audit Committee shall review and recommend to the Board for approval:
- (a) The annual audited consolidated financial statements.
  - (b) Review with financial management and the external auditor the Corporation's financial statements, MD&A and annual and interim earnings releases to be filed with regulatory bodies such as securities commissions prior to filing or prior to the release of earnings, as well as financial information and earnings guidance provided to analysts and rating agencies.
  - (c) Documents referencing, containing or incorporating by reference the annual audited consolidated financial statements or interim financial results (e.g., prospectuses, press releases with financial results and Annual Information Form when applicable) prior to their release.
  - (d) Adequacy of this charter and revisions thereto as necessary.
- 4.2 The Audit Committee, in fulfilling its mandate, will:
- (a) Satisfy itself that adequate internal controls and procedures are in place to allow the Chief Executive Officer and the Chief Financial Officer to certify financial statements and other disclosure documents as required under securities laws. Review with management relationships with regulators, and the accuracy and timeliness of filing with regulatory authorities (when and if applicable).
  - (b) Recommend to the Board the selection of the external auditor, consider the independence and effectiveness and approve the fees and other compensation to be paid to the external auditor. Review the performance of the external auditor and approve any proposed discharge and replacement of the external auditor when circumstances warrant. Review the annual audit plans of the internal and external auditors of the Corporation and discuss any significant changes required in the audit plan.
  - (c) Monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing

any material differences of opinion or disagreements between management and the external auditor.

- (d) Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.
- (e) Arrange for the external auditor to be available to the Audit Committee and the full Board as needed. Ensure that the auditors report directly to the Audit Committee and are made accountable to the Board and the Audit Committee, as representatives of the shareholders to whom the auditors are ultimately responsible.
- (f) Ensure that the external auditors are prohibited from providing the following non-audit services and pre-approve any permissible non-audit engagements of the external auditors, in accordance with applicable legislation:
  - (i) bookkeeping or other services related to the accounting records or financial statements of the Corporation;
  - (ii) financial information systems design and implementation;
  - (iii) appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
  - (iv) actuarial services;
  - (v) internal audit outsourcing services;
  - (vi) management functions or human resources;
  - (vii) broker or dealer, investment adviser or investment banking services;
  - (viii) legal services and expert services unrelated to the audit; and
- (g) Review with management and the external auditor of the Corporation's major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that can materially affect the financial results.
- (h) Review with management their approach to controlling and securing corporate assets (including intellectual property) and information systems, the adequacy of staffing of key functions and their plans for improvements.
- (i) Review the expenses of the Chair and President of the Corporation annually.
- (j) Obtaining reports from management and the Corporation's external auditor that the Corporation is in conformity with legal requirements and the Corporation's Code of Ethics and Conduct (if applicable) and reviewing reports and disclosures of insider and related party transactions.

- (k) At least annually obtaining and reviewing a report prepared by the external auditors describing (i) the auditors' internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditors, or by any inquiry of investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditors, and any steps taken to deal with any such issues; and (iii) (to assess the auditors' independence) all relationships between the independent auditors and the Corporation.
  - (l) Setting clear hiring policies for partners, employees or former partners and former employees of the present and former external auditors of the Corporation.
  - (m) Reporting annually to the shareholders in the Corporation's Management Information Circular prepared for the annual meeting of shareholders on the carrying out of its responsibilities under this charter and on other matters as required by applicable securities regulatory authorities.
  - (n) Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, and for employees to submit confidential anonymous concerns regarding questionable accounting or auditing matters.
  - (o) Perform such other duties as required by the Corporation's incorporating statute and applicable securities legislation and policies.
- 4.3 The Audit Committee may engage and communicate directly and independently with outside legal and other advisors for the Audit Committee as required.

## **5. SECRETARY**

The Secretary of the Audit Committee will be appointed by the Chair.

## **6. MEETINGS**

- 6.1 The Audit Committee shall meet at such times and places as the Audit Committee may determine, but no less than four times per year. In any event, the Audit Committee shall meet prior to the Corporation issuing a press release with its quarterly or annual earnings information. At least annually, the Audit Committee shall meet separately with management and with the external auditors.
- 6.2 Meetings may be conducted with members present, in person, by telephone or by video conference facilities.
- 6.3 A resolution in writing signed by all the members of the Audit Committee is valid as if it had been passed at a meeting of the Audit Committee.
- 6.4 The external auditors or any member of the Audit Committee may call a meeting of the Audit Committee.
- 6.5 The external auditors of the Corporation will receive notice of every meeting of the Audit Committee.

6.6 The Chairman of the Audit Committee will report periodically the committee's findings and recommendations to the Board of Directors.

7. **QUORUM**

A quorum is established with a minimum of two Audit Committee members.

**SCHEDULE "C"**

**TORRENT CAPITAL LTD.**

**RESTRICTED SHARE UNIT PLAN**

**May 30, 2017**

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## ARTICLE 1 PURPOSE

### 1.1 Purpose

The purpose of the Plan is to assist the Corporation and its Related Entities in attracting and retaining individuals with experience and exceptional skill, to allow selected executives, key employees, consultants and directors of the Corporation or a Related Entity to participate in the long term success of the Corporation or the Related Entity and to promote a greater alignment of interests between the participants designated under this Plan and the shareholders of the Corporation.

## ARTICLE 2 DEFINITIONS

### 2.1 Definitions

For purposes of the Plan, the terms contained in this Article 2 shall have the following meanings.

- (a) “**Administrator**” means the person or persons appointed from time to time by the Corporation to administer this Plan.
- (b) “**Board**” means the board of directors of the Corporation, as constituted from time to time.
- (c) “**business day**” means a day, other than Saturday, Sunday or a day on which the principal commercial banking institutions in Halifax, Nova Scotia are, or the Exchange is, closed.
- (d) “**Change in Control**” means:
  - (i) an acquisition of securities of the Corporation (including securities convertible into Common Shares and/or other securities of the Corporation (“**Convertible Securities**”)) as a result of which a person or group other than one or more present control persons (as defined in the *Securities Act* (Ontario) in respect of the Corporation (an “**Acquiror**”) owns beneficially Common Shares or other securities of the Corporation and/or Convertible Securities such that, assuming the conversion of Convertible Securities owned beneficially by the Acquiror but not by any other holder of Convertible Securities, the Acquiror would own beneficially (A) not less than 20% of the Common Shares or (B) shares which would entitle the holders thereof to cast not less than 20% of the votes attaching to all shares in the capital of the Corporation which may be cast to elect directors of the Corporation;

- (ii) an amalgamation, merger or other business combination of the Corporation with or into any one or more other corporations, other than: (A) an amalgamation, merger or other business combination of the Corporation with or into a Related Entity; or (B) an amalgamation, merger or other business combination of the Corporation unanimously recommended by the Board provided that the former holders of Common Shares receive, in the aggregate and in their capacities as such, shares of the amalgamated, merged or resulting entity having attached thereto not less than 20% of the votes attached to all shares of such amalgamated, merged or resulting entity;
  - (iii) the election at a meeting of the Corporation's shareholders of that number of persons which would represent a majority of the Board as Directors, who are not included in the slate for election as Directors proposed to the Corporation's shareholders by management of the Corporation or a transaction or series of transactions as a result of which a majority of the Directors are removed from office at any annual or special meeting of shareholders, or a majority of the Directors resign from office over a period of 60 days or less, and the vacancies created thereby are filled by nominees proposed by any person other than Directors or management of the Corporation in place immediately prior to the removal or resignation of the Directors;
  - (iv) the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in subsections (i), (ii) or (iii) referred to above; or
  - (v) a determination by the Board that there has been a change, whether by way of a change in the holding of the Common Shares, in the ownership of the Corporation's assets or by any other means, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of the Corporation.
- (e) **"CIC Share"** means the following with respect to each Covered RSU:
- (i) the sum of: (A) the number of Consideration Shares (as defined below), rounded to the nearest whole number, that is equal to the product of (x) one Common Share multiplied by (y) the number of Consideration Shares (as defined below) received by the shareholders of the Corporation in respect of one Common Share, if, in connection with the transaction constituting the Change in Control, the shareholders of the Corporation exchange their Common Shares for, or otherwise convert their Common Shares into, shares of equity securities of the acquiror (or its direct or indirect parent) (such shares of equity securities, the **"Consideration Shares"**); and (B) the amount, if any, that is equal to the product of (x) one Common Share multiplied by (y) any cash or other property, the fair market value of which shall be determined by the Board (as constituted immediately prior to the

effective date of such Change in Control), received by the shareholders of the Corporation in respect of one Common Share, in connection with such transaction; and

- (ii) in the case of all other transactions constituting the Change in Control, one Common Share, as adjusted pursuant to Article 7 hereof in connection with such transaction, if applicable; and, in each case, as further adjusted pursuant to Article 7, if applicable, in respect of covered events occurring after such Change in Control.
- (f) “**Commencement Date**” has the meaning ascribed to it in Article 11 herein.
- (g) “**Committee**” means the Compensation Committee of the Board or such other committee of the Board comprised of members of the Board as the Board shall from time to time appoint to administer the Plan or if, no such committee, then the Board.
- (h) “**Common Shares**” means the common shares in the capital of the Corporation, or in the event of an adjustment contemplated by Article 7 hereof, such other shares or securities to which the Participant may be entitled under the Grant.
- (i) “**Consultant**” means a consultant as such term is defined in National Instrument 45 - 106 *Prospectus Exemptions*, Division 4.
- (j) “**Corporation**” means Torrent Capital Ltd. and includes any successor corporation thereof.
- (k) “**Covered RSU**” means, with respect to each Grant that is outstanding on the effective date of a Change in Control, the number of RSUs that would have been issued to a Participant on the applicable Release Date and settled in the form of RSU Shares (or cash equivalent, as applicable) had (A) the Participant continued in the employment or service of the Corporation until such Release Date and (B) subject to the sole discretion of the Board, all Performance Criteria, if any, applicable to such Grant (determined without regard to the occurrence of the Change in Control) been met during the applicable Performance Period, if any.
- (l) “**Designated Person**” means a Director, Officer, Employee, or Consultant who is designated by the Committee as being eligible for participation in the Plan.
- (m) “**Director**” means a non-executive director of the Corporation or a director of a Related Entity.
- (n) “**Effective Date**” means, unless otherwise determined by the Board when confirming a Grant, the date determined by the Committee, in accordance with Article 5 hereof, as being the date on which such Grant shall take effect, provided that the Effective Date shall not be a date prior to the date on which the Board

confirms the Grant and, unless otherwise determined, the Effective Date will be the date on which the Board confirms the Grant.

- (o) **“Employee”** means an individual (other than a Director or Officer) who:
  - (i) works for the Corporation or a Related Entity on a continuing and regular basis for a minimum amount of time per week providing services specified by the Corporation or the Related Entity and is subject to the control and direction of the Corporation or the Related Entity regarding both the method of performing or executing the services and the result to be effected,
  - (ii) works full-time for the Corporation or a Related Entity providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the Related Entity over the details and method of work as an employee of the Corporation or the Related Entity, and for whom income tax deductions are made at source, or
  - (iii) works for the Corporation or a Related Entity 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 or the Related Entity over the details and method of work as an employee of the Corporation or the Related Entity, but for whom income tax deductions are not made at source.
- (p) **“Exchange”** means the TSX Venture Exchange or such other stock exchange on which such Common Shares are listed and posted for trading as may be selected for such purpose by the Board.
- (q) **“Exchange Hold Period”** means a four month resale restriction imposed by the TSXV.
- (r) **“Grant”** means an award of RSUs allocated to a Designated Person in respect of services rendered to the Corporation or Related Entity in the year of such Grant in accordance with Article 5 hereof.
- (s) **“Investor Relations Activities”** has the meaning set forth in section 1 of Policy 1.1 of the TSXV’s Corporate Finance Manual, as amended from time to time.
- (t) **“Market Price”** as at any date in respect of the Common Shares means the closing volume-weighted average price of the Common Shares on the Exchange for the five trading days immediately preceding such date, but if such Common Shares did not trade on such trading days, the Market Price shall be average of the bid and ask prices in respect of such Common Shares at the close of trading on such trading day.

- (u) “**Officer**” means a chairman or vice-chairman of the Board, chief executive officer, chief operating officer, chief financial officer, president, vice president, secretary, assistant secretary, treasurer, assistant treasurer and a general manager of the Corporation or of a Related Entity and any person routinely performing corresponding functions with respect to the Corporation or a Related Entity.
- (v) “**Participant**” means a Designated Person to whom a Grant has been made in accordance with Article 5 hereof.
- (w) “**Performance Criteria**” means criteria established by the Committee in respect of each Grant, if any, which, without limitation, may include criteria based on the financial performance of the Corporation and/or any Related Entity thereof.
- (x) “**Performance Period**” means the period established by the Committee in respect of each Grant, if any, which period shall commence and end on the dates designated by the Committee.
- (y) “**Permanent Disability**” means a mental or physical disability which has caused the substantial withdrawal of the Participant’s effective services to the Corporation or Related Entity, as the case may be, for six consecutive months or a cumulative period of twelve months over a period of thirty-six consecutive months, or such other permanent disability of a Participant and/or for such other period as determined by the Committee in its sole and absolute discretion.
- (z) “**Plan**” means this Restricted Share Unit Plan as the same may be further amended from time to time.
- (aa) “**Related Entity**” means, with regard to the Corporation, a person that controls or is controlled by the Corporation or that is controlled by the same person that controls the Corporation.
- (bb) “**Release Date**” means in respect of each Grant, unless otherwise determined by the Committee, the tenth business day following the occurrence of the event giving rise to the issuance of the RSU Shares in accordance with the provisions of the Plan, or pursuant to the vesting provisions or Performance Period of the RSUs.
- (cc) “**Retirement**” means withdrawal from the Participant’s occupation or office with the Corporation or a Related Entity with no intention to return to the workforce, provided that Retirement prior to the age of 60 shall be subject to the Board’s review and discretion.
- (dd) “**RSU**” means a restricted share unit allocated to a Designated Person in accordance with Article 5 hereof which shall, upon issuance in accordance with and subject to the provisions of the Plan, entitle the holder thereof to receive one RSU Share.
- (ee) “**RSU Grant Agreement**” means each agreement with a Participant containing the

terms and conditions of each Grant, such agreement to be in form and substance similar to the form of Restricted Share Unit Grant Agreement contained in Schedule A hereof.

- (ff) “**RSU Shares**” means the Common Shares delivered to Participants in accordance with the provisions of the Plan in settlement of RSUs issued under the Plan.
- (gg) “**TSXV**” means the TSX Venture Exchange.
- (hh) “**U.S. Securities Act**” has the meaning ascribed to it in Section 9.1 herein.

## 2.2 Interpretations

Any reference to the outstanding Common Shares at any point in time shall be computed on a non-diluted basis.

## ARTICLE 3 ADMINISTRATION

### 3.1 Committee

The Plan shall be administered by the Committee under the supervision of the Board.

In addition to the other powers granted to the Committee under the Plan and subject to the terms of the Plan, the Committee shall have full and complete authority to interpret the Plan. The Committee may from time to time prescribe such rules and regulations and make all determinations necessary or desirable for the administration of the Plan. In particular, the Committee shall select the Designated Persons to whom it recommends Grants shall be made and shall determine the amounts and terms of the Grants (including the related Performance Criteria, if any, and the formula, if any, to be used to determine the number of RSUs to be issued based on the level of achievement of such Performance Criteria), and the extent to which the Performance Criteria to be achieved during the Performance Period, if any, has been achieved. Any such interpretation, rule, determination or other act of the Committee and/or the Administrator shall be conclusively binding upon all persons, including the Participants and their legal representatives and beneficiaries.

### 3.2 Delegation of Administration

The Committee may, subject to the terms of the Plan, delegate to third parties, including the Administrator if one is appointed, the whole or any part of the administration of the Plan and shall determine the scope of such delegation. Any decision made by the Committee or the Administrator in carrying out its responsibilities with respect to the administration of the Plan shall be final and binding on the Participants.

### 3.3 Limitation of Liability

No member of the Committee or the Board shall be liable for any action or determination

made in good faith pursuant to the Plan. To the full extent permitted by law, the Corporation shall indemnify and save harmless each person made, or threatened to be made, a party to any action or proceeding by reason of the fact that such person is or was a member of the Committee or is or was a member of the Board and, as such, is or was required or entitled to take action pursuant to the terms of the Plan.

### **3.4 Fees**

Except as Participants may otherwise be advised by prior written notice of at least 30 days, all costs of the Plan, including any administration fees, shall be paid by the Corporation; provided, however, the Corporation's responsibility for administration fees does not include tax consequences to the Participant of his/her receipt of RSUs or RSU Shares, which shall be the exclusive responsibility of the Participant.

## **ARTICLE 4 RSU SHARES SUBJECT TO THE PLAN**

The Corporation shall not be required to issue and/or cause to be delivered Common Shares or issue and/or cause to be delivered certificates evidencing Common Shares to be delivered pursuant to the Plan unless and until such issuance and delivery is in compliance with all applicable laws, regulations, rules, orders of governmental or regulatory authorities and the requirements of the Exchange. The Corporation shall not in any event be obligated to take any action to comply with any such laws, regulations, rules, orders or requirements. Subject to the foregoing, the Board may authorize from time to time the issuance by the Corporation of Common Shares from treasury.

## **ARTICLE 5 GRANTS**

### **5.1 Maximum Number of Common Shares and Limitations**

The number of RSU Shares issuable under the Plan shall not exceed 800,000 Common Shares, provided that at no time may the number of Common Shares issuable hereunder, together with all other security-based compensation arrangements of the Corporation, exceed 10% of the issued and outstanding Common Shares as at the date of such Grant. If a Grant terminates without delivery of any Common Shares subject thereto, then the number of Common Shares counted against the aggregate number of Common Shares available under the Plan with respect to such Grant shall, to the extent of any such termination, again be available for making Grants under the Plan.

Notwithstanding anything else contained herein, the number of Common Shares of the Corporation which are (i) issuable at any time, and (ii) issued within any one year period, to any one insider (as such term is defined in the TSXV's Corporate Finance Manual) of the Corporation pursuant to the terms of the Plan and under any other security-based compensation arrangement, shall not exceed 5% of the Corporation's total issued and outstanding Common Shares.

Notwithstanding anything else contained herein, the number of Common Shares of the Corporation which are (i) issuable at any time, and (ii) issued within any one year period, to any one Designated Person and under any other security-based compensation arrangement, shall not exceed 1% of the Corporation's total issued and outstanding Common Shares.

Notwithstanding anything else contained herein, the aggregate number of Common Shares of the Corporation which are (i) issuable at any time, and (ii) issued within any one year period, to any Designated Persons and under any other security-based compensation arrangement, shall not exceed 2% of the Corporation's total issued and outstanding Common Shares.

## 5.2 Terms of Grants

Subject to the provisions of the Plan, the Committee shall, in its sole discretion and from time to time, determine the Designated Persons to whom it recommends that Grants be made based on their current and potential contribution to the success of the Corporation. At such time, the Committee shall also:

- (a) determine, in connection with each Grant, the Effective Date thereof and the number of RSUs to be allocated, subject to blackout periods pursuant to Section 5.3 herein.
- (b) determine, in connection with each Grant, the vesting dates and the Performance Period, if any, applicable thereto;
- (c) determine, in connection with each Grant, the Performance Criteria, if any, to be achieved during the Performance Period in order for RSU Shares to be issued to the Participant; and
- (d) determine the other terms and conditions (which need not be identical and which, without limitation, may include conditions on the allocation, issuance and/or settlement of RSUs, and non-competition provisions) of all RSUs covered by any Grant.

Notwithstanding any provisions of this Section 5.2, any Grant and any determination made by the Committee in connection with any such Grant as provided shall be subject to confirmation by the Board, and both the Corporation and the Participant are responsible for ensuring and confirming that the Participant is a *bona fide* Designated Person.

### 5.3 **Blackout Periods**

The Corporation may from time to time self-impose trading blackouts during which some or all Directors, Officers, Employees, and Consultants may not trade in the securities of the Corporation. In the event that a trading blackout is imposed by management or the Board, in accordance with any insider trading policy that the Corporation may adopt from time to time, Participants subject to the blackouts are prohibited from buying, selling or otherwise trading in securities of the Corporation until such time as notice is formally given by the Corporation that trading may resume.

If the Effective Date of any Grant, or the date of vesting of any Grant, falls within such a blackout period, it shall be automatically extended to the date which is ten business days following the end of such blackout period.

## **ARTICLE 6 TERMS AND CONDITIONS OF RESTRICTED SHARE UNITS**

### 6.1 **RSU Grant Agreement**

Each Grant shall be evidenced by an RSU Grant Agreement containing the terms and conditions required under the Plan and such other terms and conditions not inconsistent herewith as the Committee may deem appropriate. The Corporation shall deliver a copy of the Plan and the respective RSU Grant Agreement to each Participant who receives any Grant under the Plan before, or as soon as practicable after, the time of such Grant. Certificates need not be issued with respect to RSUs covered by a Grant or RSUs when issued. The Corporation or the Administrator shall maintain records showing the number of RSUs allocated to each Participant under the Plan. The RSU Grant Agreement may deal with some or all of the matters set forth in the remainder of this Article 6.

### 6.2 **Number of RSUs and Entitlement to Common Shares**

Each RSU Grant Agreement shall state the number of RSUs allocated to the Participant and state that each such RSU shall upon vesting, subject to and in accordance with the terms of the Plan, entitle the Participant to receive one RSU Share, subject to the provisions of Section 10.2 with respect to withholding taxes, pension plan contributions, employment insurance premiums or other deductions.

### 6.3 **Performance Criteria**

Each RSU Grant Agreement shall describe the Performance Criteria for the Performance Period established by the Committee that must be achieved for RSU Shares to be vested and issued to the Participant, based on the following:

- (a) Investment opportunity identification and research;
- (b) Investment monitoring;
- (c) Investment returns (realized and unrealized); and

- (d) Such other general or specific criteria as may be determined by the Committee.

#### 6.4 **Vesting and Settlement of RSUs**

- (a) Subject to any employee benefit or other share compensation plan approved by the Board, the Committee shall prescribe the terms and conditions of vesting of each Grant and the vesting period; provided that for any person performing Investor Relations Activities for the Corporation such vesting period must vest in stages over a period of not less than 12 months with no more than  $\frac{1}{4}$  of the RSUs vesting in any three month period. The Corporation must publicly announce by press release at the time of the Grant, any RSUs granted to Designated Persons who undertake Investor Relations Activities.
- (b) Provided that the Participant is continuously employed with, or providing services to, the Corporation from the Effective Date of such Grant to the Release Date, the Participant shall be entitled to receive on the applicable Release Date, in full settlement of the RSUs that have vested, a number of RSU Shares equal to such number of RSUs vested, all in accordance with Section 6.2 herein and subject to the provisions of Section 10.2 with respect to withholding taxes, pension plans contributions, employment insurance premiums or other deductions.

#### 6.5 **Rights in the Event of Death, Retirement or Termination of Employment or Service**

Unless otherwise determined by the Committee:

##### *Death*

- (a) Subject to Section 6.5(b), in the event of the death of a Participant while in the employment or service of the Corporation, the deceased Participant's estate shall receive, with respect to each Grant then outstanding to such Participant for which RSU Shares have not otherwise been issued prior to the date of death, an RSU settlement in the form of RSU Shares on the next Release Date on which all or a portion of the RSU Shares would otherwise be issued, if at all, in accordance with the Plan had the Participant not died and continued in the employment or service of the Corporation or the Related Entity, as applicable, until such Release Date.
- (b) If Performance Criteria are attached to any deceased Participant's RSU, in the event of death of a Participant following the end of the Performance Period, if any, but prior to a Release Date, the Committee shall determine in its sole discretion the number of RSU Shares to be delivered to the Participant's estate with respect to such RSUs.

Any remaining RSUs for which settlement has not been made as aforesaid, shall be forfeited and shall terminate.

*Termination Without Cause, Retirement or Permanent Disability*

- (c) In the event of termination without cause, Retirement or Permanent Disability of a Participant, with respect to each Grant then outstanding to such Participant for which RSU Shares have not been issued prior to the date of termination without cause, Retirement or Permanent Disability, the RSU Shares covered by any such Grant shall be issued to the Participant in accordance with and subject to the Plan, on a *pro rata* basis to reflect the proportion of the Performance Period of the Grant worked by the Participant prior to such termination without just cause, Retirement or Permanent Disability.

Any remaining RSUs for which settlement has not been made as aforesaid, shall be forfeited and shall terminate.

For purposes of this provision, the date of termination without cause, Retirement or permanent Disability shall be the last day on which the Participant provides services to the Corporation or Related Entity, as the case may be, at its premises, and not the last day of any notice period or upon which the Corporation or Related Entity pays wages or salaries in lieu of notice of termination, statutory, contractual or otherwise.

*Voluntary Resignation or Termination for Cause*

- (d) In the event a Participant's voluntary resignation (other than due to Retirement) or termination of employment or service for cause and unless otherwise provided in an employment or other service contract between the Participant and the Corporation or a Related Entity, the RSUs covered by each Grant then outstanding to such Participant for which RSU Shares have not been issued prior to such voluntary resignation or termination shall be forfeited and all such Grants shall expire in their entirety. Any such voluntary resignation or termination of employment or service for cause shall not entitle a Participant to any compensation for loss of any benefit under the Plan.

For the purposes of the foregoing paragraph, the date of voluntary resignation or termination shall be the last day upon which the Participant provides services to the Corporation or Related Entity, as the case may be, at its premises and not the last day of any notice period or upon which the Corporation or Related Entity pays wages or salaries in lieu of notice of termination, statutory, contractual or otherwise.

**6.6 Automatic Termination of RSUs**

Subject to Section 6.5, RSUs granted pursuant to the Plan shall terminate automatically on the earlier of:

- (a) the date on which such RSUs are issued in the form of RSU Shares, in respect of all of the RSUs granted thereunder; and
- (b) the expiry date of such RSUs as determined by the Committee or by law.

#### 6.7 **Rights in the Event of a Change in Control**

In the event of the occurrence of a Change in Control, and unless otherwise determined by the Committee, or otherwise addressed in the Participant's employment or service contract or share compensation plan approved by the Board (which shall have controlling effect), with respect to each Grant outstanding on the effective date of such Change in Control,

- (a) Subject to the sole discretion of the Board, all Covered RSUs shall vest as of the effective date of such Change in Control; PROVIDED THAT where a Grant was made to a person providing Investor Relations Activities, the Board's declaration that such RSU Shares be vested, is subject to prior approval of the Exchange. The Board shall give each Participant as much notice as possible of the acceleration of the vesting of the RSUs under this section, except that not less than 5 business days and not more than 35 days' notice is required; and
- (b) each Participant shall, on the Release Date which would have applied had the Change in Control not occurred, be entitled to receive from the Corporation, in full settlement of an RSU covered by such Grant, one of the following, at the sole discretion of the Committee, for each Covered RSU:
  - (i) one CIC Share; or
  - (ii) the number of Consideration Shares rounded to the nearest whole number, that is equal to the sum of:
    - (A) the number of Consideration Shares received by the shareholders of the Corporation in respect of one Common Share; and
    - (B) the number of Consideration Shares that the Board determines represents the fair market value of any cash or other property received by the shareholders of the Corporation in respect of one Common Share;

provided that such Participant is continuously employed by or providing services to the Corporation from the Effective Date of such Grant to the effective date of such Change in Control.

#### 6.8 **Non-Transferability**

The rights or interests of a Participant under the Plan shall not be assignable or transferable,

otherwise than by will or the laws governing the devolution of property in the event of death and such rights or interests shall not be encumbered.

#### **6.9 RSUs Not Common Shares**

Under no circumstances shall a Grant of an RSU be considered a Common Share, nor shall a Grant of an RSU entitle any Participant to the exercise of voting rights, the receipt of dividends or the exercise of any other rights attaching to ownership of a Common Share, until delivery of an RSU Share in settlement of such RSU in accordance with the terms of the Plan. Notwithstanding the foregoing, the Committee may determine the extent to which a Participant may be entitled to exercise any voting rights, receive dividends or exercise any other rights attaching to ownership of such Common Shares.

#### **6.10 RSU Shares Fully Paid**

RSU Shares, if issued by the Corporation to settle RSUs under the Plan, shall be considered fully paid in consideration of past service that is no less in value than the fair equivalent of the money the Corporation would have received if the RSU Shares had been issued for money.

### **ARTICLE 7 EFFECTS OF ALTERATION OF SHARE CAPITAL**

#### **7.1 Adjustments**

In the event that:

- (a) a dividend shall be declared upon the Common Shares payable in Common Shares of the Corporation;
- (b) the outstanding Common Shares shall be changed into or exchanged for a different number or kind of shares or other securities of the Corporation or of another corporation, whether through an arrangement, plan of arrangement, amalgamation or other similar statutory procedure, or a share recapitalization, subdivision or consolidation;
- (c) there shall be any change, other than those specified in subparagraphs (a) and (b) of this Section, in the number or kind of outstanding Common Shares or of any shares or other securities into which such Common Shares shall have been changed or for which they shall have been exchanged; or
- (d) there shall be a distribution of assets or shares to shareholders of the Corporation out of the ordinary course of business,

then, if the Board shall in its sole discretion determine that such change equitably requires an adjustment in the number of RSUs with respect to which Grants may be made pursuant to the Plan but not yet covered by Grants, of the RSUs then covered by Grants, of the RSUs

generally available for Grants under the Plan and of the RSUs available for Grants under the Plan in any calendar year, such adjustment shall be made by the Board and shall be effective and binding for all purposes.

## **7.2 No Fractional RSUs**

No adjustment provided for in this Section shall entitle a Participant to be allocated a fractional RSU, or receive a fractional RSU Share or any payment in lieu thereof, and the total adjustment with respect to each RSU shall be limited accordingly.

## **ARTICLE 8 AMENDMENT AND TERMINATION**

### **8.1 Generally**

The Board may from time to time amend, suspend or terminate the Plan in whole or in part. The Committee may from time to time amend the terms of Grants made under the Plan, subject to confirmation by the Board and the obtaining of any required regulatory, shareholder, or other approvals and, if any such amendment will materially adversely affect the rights of a Participant with respect to a Grant, the obtaining of the written consent of such Participant to such amendment. Notwithstanding the foregoing, (i) the obtaining of the written consent of any Participant to an amendment which materially adversely affects the rights of such Participant with respect to a Grant shall not be required if such amendment is required to comply with applicable laws, regulations, rules, orders of governmental or regulatory authorities or the Exchange and (ii) no amendment may be made to Section 6.7 of the Plan or to the defined terms referred to in Section 6.7 on or after the effective date of such Change in Control.

### **8.2 Amendments without Shareholder Approval**

Without limiting the generality of the foregoing, the Board may make the following amendments to the Plan, without obtaining shareholder approval:

- (a) amendments to the terms and conditions of the Plan necessary to ensure that the Plan complies with the applicable laws, regulations, rules, orders of governmental or regulatory authorities or the requirements of the Exchange in place from time to time;
- (b) amendments to the provisions of the Plan respecting administration of the Plan and eligibility for participation under the Plan;
- (c) amendments to the provisions of the Plan respecting the terms and conditions on which Grants may be made pursuant to the Plan, including the provisions relating to the Effective Date, Performance Criteria, vesting and Performance Period;

- (d) amendments to the Plan that are of a "housekeeping" nature; and
- (e) and any other amendments, fundamental or otherwise, not requiring shareholder approval under applicable laws or applicable policies of the Exchange.

### 8.3 Amendments Requiring Shareholder Approval

Without limiting the generality of the foregoing, the Board may not, without the approval of the Corporation's shareholders, make the following amendments to the Plan:

- (a) an increase to the Plan maximum or the number of Common Shares issuable under the Plan;
- (b) amendment provisions granting additional powers to the Board to amend the Plan or entitlements thereunder;
- (c) extension of the termination or expiry of a Grant or the removal or increase of insider participation limits described in Section 5.1; and
- (d) a change to the definition of "Designated Person" or "Director".

## ARTICLE 9 CERTAIN SECURITIES LAW MATTERS

### 9.1 Restrictive Legends

If applicable, all certificates or other documents representing securities pursuant to the Plan issued to a "U.S. person" as defined in Rule 902(k) of Regulation S promulgated under the *United States Securities Act of 1933*, as amended (the "U.S. Securities Act") will bear the applicable restrictive legend referring to the U.S. Securities Act, which will state, without limitation, that such securities have not been registered under the Securities Act and will set forth or refer to the applicable restrictions on transferability and sale thereof.

If the Grant is made to a director, officer, promoter or other insider of the Corporation, and unless the Grant is qualified by prospectus, or issued under a securities take-over bid, rights offering, amalgamation, or other statutory procedure, then the RSU Grant Agreement will bear an Exchange Hold Period, and the following legend will be inserted onto the first page of the RSU Grant Agreement:

*Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this agreement and any securities issued upon exercise thereof may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until ■, 20■ [i.e., four months and one day after the date of grant].*

In addition to the foregoing restrictive legends, certificates representing any securities issued pursuant to the Plan may bear such additional restrictive legends as the Board or Committee may in their sole discretion determine are required to comply with applicable securities laws or stock exchange requirements.

## 9.2 **Additional Disclosure and Notices to Securities Regulatory Authorities and Exchanges**

Subject to Article 4 hereof, the Corporation shall also deliver to each Participant any additional disclosure, as necessary, to comply with the requirements of applicable securities laws. The Corporation shall also give notice, as may be necessary, to all applicable securities regulatory authorities and other regulatory bodies and all applicable stock exchanges and other trading facilities, upon which the Common Shares are listed or traded, of the adoption of the Plan and the issuance of any Grants or the entering into of any agreements respecting same.

## **ARTICLE 10 MISCELLANEOUS PROVISIONS**

### 10.1 **No Right to Continued Employment or Service**

Participation in the Plan by a Designated Person is voluntary. No Director, Officer, Employee or Consultant shall have any claim or right to receive Grants under the Plan. The Grant and issuance of RSUs under the Plan (i) shall not be construed as giving a Participant any right to continue in the employment or service of the Corporation or a Related Entity or to be re-elected as a Director or to receive any additional Grants, or (ii) affect the right of the Corporation or a Related Entity to terminate the employment or service of any Participant. Unless the Committee determines otherwise, no notice of termination or payment in lieu thereof shall extend the period of employment or service for purposes of the Plan.

### 10.2 **Income Tax Withholding Compliance**

Prior to the delivery of any RSU Shares under this Plan, the Corporation or the Administrator shall have the power and the right to deduct or withhold, or to require a Participant to remit to the Corporation, an amount sufficient to satisfy any federal, provincial, local and foreign taxes, pension plan contributions, employment insurance premiums and any other required deductions (collectively referred to herein as “**withholding taxes**”) that the Corporation determines is required to be withheld to comply with applicable laws. The Corporation shall make any withholdings or deductions in respect of withholding taxes as required by law or the interpretation or administration thereof. The Corporation or the Administrator shall be entitled to make arrangements to sell a sufficient number of RSU Shares to be issued pursuant to the Plan to fund the payment and remittance of withholding taxes that are required to be deducted or withheld and any associated costs (including brokerage fees). The Corporation or the Administrator shall also have the right to withhold the delivery of any RSUs and RSU Shares to a Participant hereunder unless and until such Participant pays to the Corporation a sum sufficient to indemnify the Corporation for any liability to withhold tax in respect of the

amounts included in the income of such Participant as a result of the settlement of RSUs under the Plan, to the extent that such tax is not otherwise being withheld from payments to such Participant by the Corporation or the Administrator. The Participant may also make other arrangements acceptable to the Corporation to fund the required tax remittance.

### 10.3 **Governing Law**

The Plan, the issuance and settlements of RSUs hereunder, and the issue and delivery of Common Shares hereunder upon settlement shall be, as applicable, governed by and construed in accordance with the laws of the Province of Nova Scotia and the federal laws of Canada applicable therein.

### 10.4 **Non-Exclusivity**

Nothing contained herein shall prevent the Corporation from adopting such other share incentive or compensation arrangements as it shall deem advisable.

### 10.5 **Time of Essence**

Time is of the essence of this Plan and of each RSU Grant Agreement. No extension of time will be deemed to be or to operate as a waiver of the essentiality of time.

## **ARTICLE 11 EFFECTIVE DATE AND TERM OF THE PLAN**

This Plan is effective July 1, 2017 (the “**Commencement Date**”), subject to approval of the Plan by the Exchange and the shareholders of the Corporation at the annual and special meeting scheduled for June 28, 2017. Any subsequent amendments to the Plan shall become effective upon their adoption by the Board, subject to the approval of the Corporation’s shareholders, if required. The Plan shall terminate on such date as may be determined by the Board pursuant to Article 8 hereof, and no Grants may become effective under the Plan after the date of termination, but such termination shall not affect any Grants that became effective pursuant to the Plan prior to such termination.

## SCHEDULE A

### TORRENT CAPITAL LTD.

*Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this agreement and any securities issued upon exercise thereof may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until ■, 20■ [four months and one day after the date of Grant].*

#### RESTRICTED SHARE UNIT GRANT AGREEMENT

This **RESTRICTED SHARE UNIT GRANT AGREEMENT** is made as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ between **TORRENT CAPITAL LTD.** (the “**Corporation**”) and the undersigned (the “**Participant**”), being a director, officer, employee or consultant of the Corporation or a related entity designated pursuant to the terms of the Restricted Share Unit Plan of the Corporation, as may be amended from time to time (the “**Plan**”).

In consideration of the grant of Restricted Share Units (“**RSUs**”) made to the Participant pursuant to the Plan (the receipt and sufficiency of which are hereby acknowledged), the Participant hereby agrees and confirms that:

1. The Participant has received a copy of the Plan and has read, understands and agrees to be bound by the provisions of the Plan. The Participant acknowledges, among other things, that the Plan contains provisions relating to termination and restricting transfer.
2. The Participant accepts and consents to and shall be deemed conclusively to have accepted and consented to, and agreed to be bound by, the provisions and all terms of the Plan and all *bona fide* actions or decisions made by the Board, the Committee, or any person to whom the Committee may delegate administrative duties and powers in relation to the Plan, which terms and consent shall also apply to and be binding on the legal representatives, beneficiaries and successors of the undersigned.
3. On \_\_\_\_\_, 20\_\_, the Participant was granted \_\_\_\_\_ RSUs to receive one RSU Share of the Corporation for each RSU subject to the provisions of the Plan, which grant is evidenced by this Agreement. The RSUs shall be subject to the following terms:
  - ***[Describe Performance Criteria and (vesting) release dates and Performance Period, as applicable, of the RSU Shares.]***
4. This Agreement shall be considered as part of and an amendment to the employment or service agreement between the Participant, and the Corporation and the Participant hereby agrees that the Participant will not make any claim under that employment or service agreement for any rights or entitlement under the Plan or damages in lieu thereof except as expressly provided in the Plan.
5. Participants who are “insiders” of the Corporation are required to file an insider report under Canadian securities laws in respect of the grant of RSUs and upon future conversion of these RSUs into RSU Shares and any subsequent sales of such RSU

Shares.

6. In the event of any inconsistency between the terms of this Agreement and the Plan, the terms of this Agreement shall prevail to the extent that it is not inconsistent with the requirements of the TSX Venture Exchange.
7. by signing this Agreement, the Participant acknowledges and consents to:
  - (a) the disclosure of Personal Information by the Corporation to the TSX Venture Exchange (the "Exchange") (as defined in Exchange Appendix 6A – see Appendix 6A hereto) pursuant to which the Corporation is required to file in connection with this grant of RSUs; and
  - (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6A or as otherwise identified by the Exchange, from time to time.

(Where "Personal Information" means any information about the Participant, and includes the information contained in the tables, as applicable).

This Agreement shall be determined in accordance with the laws of Nova Scotia and the laws of Canada applicable therein.

Words used herein which are defined in the Plan shall have the respective meanings ascribed to them in the Plan.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first above written.

**TORRENT CAPITAL LTD.**

By:

\_\_\_\_\_  
Name:  
Title:  
(Authorized Signing Officer)

Accepted: \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
[Name]



## APPENDIX 6A ACKNOWLEDGEMENT – PERSONAL INFORMATION

TSX Venture Exchange Inc. and its affiliates, authorized agents, subsidiaries and divisions, including the TSX Venture Exchange (collectively referred to as “the Exchange”) collect Personal Information in certain Forms that are submitted by the individual and/or by an Issuer or Applicant and use it for the following purposes:

- to conduct background checks,
- to verify the Personal Information that has been provided about each individual,
- to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Issuer or Applicant,
- to consider the eligibility of the Issuer or Applicant to list on the Exchange,
- to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Issuer, or its associates or affiliates,
- to conduct enforcement proceedings, and
- to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the public markets in Canada.

As part of this process, the Exchange also collects additional Personal Information from other sources, including but not limited to, securities regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, regulations services providers and each of their subsidiaries, affiliates, regulators and authorized agents, to ensure that the purposes set out above can be accomplished.

The Personal Information the Exchange collects may also be disclosed:

- (a) to the agencies and organizations in the preceding paragraph, or as otherwise permitted or required by law, and they may use it in their own investigations for the purposes described above; and
- (b) on the Exchange’s website or through printed materials published by or pursuant to the directions of the Exchange.

The Exchange may from time to time use third parties to process information and/or provide other administrative services. In this regard, the Exchange may share the information with such third party service providers.