

# **CLUNY CAPITAL CORP.**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF  
CLUNY CAPITAL CORP.**

**TO BE HELD ON WEDNESDAY JULY 12, 2017**

**and**

**MANAGEMENT INFORMATION CIRCULAR  
DATED JUNE 12, 2017**

*This management information circular and the accompanying materials require your immediate attention. If you are in doubt as to how to deal with these documents or the matters to which they refer, please consult your financial, legal, tax or other professional advisor.*



# CLUNY CAPITAL CORP.

## NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that an annual and special meeting (the “**Meeting**”) of the shareholders (the “**Shareholders**”) of common shares of Cluny Capital Corp. (the “**Corporation**”) will be held at the offices of Gowling WLG (Canada) LLP, 100 King Street West, Suite 1600, Toronto, Ontario, M5X 1G5 on July 12, 2017 at 1:00 p.m. (Toronto time) for the following purposes:

1. to receive and consider the audited financial statements of the Corporation for the financial year ended December 31, 2016, together with the notes thereto and the report of the auditors thereon;
2. to elect the board of directors of the Corporation (the “**Board**”) to hold office from the close of the Meeting until the next annual meeting of Shareholders or until their successors are elected or appointed;
3. to approve the appointment of Collins Barrow Toronto LLP, Chartered Accountants as auditors of the Corporation for the ensuing year at such remuneration as may be fixed by the Board;
4. to consider, and, if deemed advisable, to approve, with or without variation, an ordinary resolution, the full text of which is set forth in the accompanying Information Circular, to approve the Corporation’s stock option plan; and
5. to transact any other business as may properly be brought before the Meeting or any adjournment(s) or postponement(s) thereof.

The details of all matters proposed to be put before the Shareholders at the Meeting are set forth in the management information circular of the Corporation accompanying this Notice of Annual and Special Meeting.

**The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting is June 5, 2017. Shareholders of the Corporation whose names have been entered in the register of shareholders at the close of business on that date will be entitled to receive notice of and to vote at the Meeting.**

A registered shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, execute and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, the enclosed proxy must be mailed so as to reach or to be deposited with TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, not later than 1:00 p.m. (Toronto time) on July 10, 2017 or, if the Meeting is adjourned, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) prior to the time set for the Meeting or any adjournment thereof.

If you are a non-registered shareholder and receive these materials through your broker or through another intermediary, please complete and return the request for voting instructions provided to you by your broker or intermediary in accordance with the instructions provided.

The persons named in the enclosed form of proxy are each a director and/or officer of the Corporation. Every shareholder has the right to appoint a person or company (who need not be a shareholder) to represent the shareholder at the Meeting other than the persons designated in the enclosed form of proxy. If the shareholder wishes to appoint a person or company other than the persons whose names are designated in the form of proxy, he/she/it may do so by inserting the name of the shareholder’s chosen proxyholder in the space provided in the form of proxy.

The instrument appointing a proxy shall be in writing and shall be executed by the shareholder or his/her attorney authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized.

**DATED** this 12th day of June, 2017.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
CLUNY CAPITAL CORP.**

(Signed) "*Simon Yakubowicz*"

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Chief Executive Officer

# CLUNY CAPITAL CORP.

## MANAGEMENT INFORMATION CIRCULAR DATED JUNE 12, 2017

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# CLUNY CAPITAL CORP.

## ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON WEDNESDAY JULY 12, 2017

### MANAGEMENT INFORMATION CIRCULAR

#### GENERAL

This management information circular (the “**Information Circular**”) is furnished to shareholders (“**Shareholders**”) of common shares (“**Common Shares**”) of Cluny Capital Corp. (the “**Corporation**”) in connection with the solicitation of proxies by the management of the Corporation for use at the annual meeting (the “**Meeting**”) of Shareholders to be held at the offices of Gowling WLG (Canada) LLP, 100 King Street West, Suite 1600, Toronto, Ontario, M5X 1G5 on July 12, 2017 at 1:00 p.m. (Toronto time) and at any adjournment(s) or postponement(s) thereof for the purposes set forth in the accompanying notice of annual and special meeting (the “**Notice of Meeting**”). References in this Information Circular to the “**Meeting**” include references to any postponement(s) or adjournment(s) thereof.

The information contained herein is given as of June 12, 2017, except where otherwise indicated. Enclosed herewith is a form of proxy for use at the Meeting. Each Shareholder who is entitled to attend at meetings of Shareholders is encouraged to participate in the Meeting and Shareholders are urged to vote on matters to be considered in person or by proxy.

Shareholders should not construe the contents of this Information Circular as legal, tax or financial advice and should consult with their own professional advisors in considering the relevant legal, tax, financial or other matters contained in this Information Circular.

If you hold Common Shares through banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans (collectively, an “**Intermediary**”), you should contact your Intermediary for instructions and assistance in voting and surrendering the Common Shares that you beneficially own.

#### **Persons Making the Solicitation**

This solicitation is made on behalf of the management of the Corporation. The Notice of Meeting, the Information Circular, the form of proxy and other proxy-related materials are not being sent to registered or beneficial owners of the Common Shares or Beneficial Shareholders (as defined herein) using the notice-and-access procedures contained in National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”). The reasonable costs incurred in the preparation of both the form of proxy and this Information Circular will be borne by the Corporation. In addition to the use of mail, proxies may be solicited by personal interviews, personal delivery, telephone or any form of electronic communication or by directors, officers and employees of the Corporation who will not be directly compensated therefor.

In accordance with NI 54-101, the Corporation has determined to deliver the proxy solicitation materials directly to the non-objecting beneficial owners of Common Shares (“**NOBOs**”). The costs thereof will be borne by the Corporation.

The Corporation does not intend to pay for Intermediaries to deliver proxy-related materials or Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* to the objecting beneficial owners of Common Shares (“**OBOs**”) and as such, OBOs will not receive such materials unless their Intermediary

assumes the costs thereof (OBOS and NOBOs are herein collectively referred to as the “**Beneficial Shareholders**”). See also “*Proxy Related Information – Advice to Beneficial Shareholders of Common Shares*” in this Information Circular.

## PROXY RELATED INFORMATION

### Appointment and Revocation of Proxies

**The persons named in the enclosed form of proxy represent management of the Corporation. Every shareholder has the right to appoint a person or company (who need not be a shareholder) to represent the shareholder at the Meeting other than the persons designated in the enclosed form of proxy. If a shareholder wishes to appoint a person or company other than the persons whose names are designated in the form of proxy, he/she/it may do so by inserting the name of the shareholder’s chosen proxyholder in the space provided in the form of proxy.**

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed by the shareholder or by his/her/its attorney authorized in writing and delivered to TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1 not later than 1:00 p.m. (Toronto time) on July 10, 2017, or if the Meeting is adjourned not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) prior to the time set for the Meeting or any adjournment thereof.

In addition to revocation in any other manner permitted by law, a shareholder who has given a proxy may revoke it any time before it is exercised by instrument in writing, executed by the shareholder or by his/her/its attorney authorized in writing, and deposited either at the registered office of the Corporation at any time up to and including 1:00 p.m. on the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting or any adjournment thereof.

A shareholder attending the Meeting has the right to vote in person and, if a shareholder does so, his/her/its proxy is nullified with respect to the matters such person votes upon and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

### Advice to Beneficial Shareholders of Common Shares

**The information in this section is of significant importance to public shareholders of the Corporation since most public shareholders are Beneficial Shareholders, or in other words, do not hold shares in their own name. Only proxies from registered Shareholders of record can be recognized and voted upon at the Meeting.** If Common Shares are listed in the account statement provided to the Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder’s name. Such Common Shares are more likely held under the name of the broker or a broker’s agent clearing house. Applicable corporate law provides that Beneficial Shareholders may request that the Beneficial Shareholder or the Beneficial Shareholder’s nominee be appointed as the proxyholder for such shares. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their nominees can only be voted (for or against or withheld, as applicable) upon the instructions of the Beneficial Shareholder. Without specific instructions, the brokers/nominees are prohibited from voting shares for their clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

The Corporation does not know for whom the Common Shares registered to CDS & Co. are held. Therefore, Beneficial Shareholders cannot be recognized by the Corporation at the Meeting. In order to ensure that their Common Shares are voted at the Meeting, Beneficial Shareholders should carefully

follow the return instructions. Often, the form of proxy supplied to Beneficial Shareholders by their brokers is identical to that provided to registered shareholders; however, its purpose is limited to instructing the brokers/registered shareholder how to vote on behalf of the Beneficial Shareholder. In Canada, the majority of the brokers now delegate the job of obtaining instructions from clients and voting shares according to their client's instructions to a corporation named Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails proxy instruction forms to the Beneficial Shareholders and asks Beneficial Shareholders to return these proxy instruction forms to Broadridge, which may be by mail, by internet or by telephone. Broadridge then tabulates the results of all instructions received and then votes the shares to be voted at the Meeting according to the instructions received. **A Beneficial Shareholder receiving a proxy instruction form from Broadridge cannot use that proxy instruction form to vote Common Shares at the Meeting. The proxy instruction form must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.**

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

All references to Shareholders in this Information Circular and the accompanying proxy and Notice of Meeting are to registered Shareholders of record unless specifically stated otherwise. Where documents are stated to be available for review or inspection, such items will be shown upon request to registered Shareholders that produce proof of their identity.

### **Exercise of Discretion with Respect to Proxies**

The Common Shares represented by the enclosed proxy will be voted or withheld from voting on any motion, by ballot or otherwise, in accordance with any indicated instructions. In the absence of any such direction, such shares will be voted FOR the matters set forth in the Notice of Meeting and in this Information Circular.

If any amendment or variation to matters identified in the Notice of Meeting is proposed at the Meeting or any adjournment(s) or postponement(s) thereof, or if any other matters properly come before the Meeting or any adjournment(s) or postponement(s) thereof, the enclosed proxy confers discretionary authority to vote on such amendments or variations or such other matters according to the best judgment of the appointed proxyholder. Unless otherwise stated, the Common Shares represented by the enclosed proxy will be voted in favour of the election of nominees set forth in this Information Circular except where a vacancy among such nominees occurs prior to the Meeting, in which case, such Common Shares may be voted in favour of another nominee in the proxyholder's discretion. As at the date of this Information Circular, the management of Cluny Capital Corp. is not aware of any amendments or variations or other matters to come before the Meeting.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

### **Voting Rights**

The Corporation is authorized to issue an unlimited number of Common Shares. As of the date of this Information Circular 3,233,700 Common Shares currently issued and outstanding, of which 1,000,000 are held in escrow. Each Common Share entitles the holder to one vote on all matters to come before the Meeting. No group of shareholders has the right to elect a specified number of directors nor are there cumulative or similar voting rights attached to the Common Shares of the Corporation.

The directors of the Corporation have fixed Monday June 5, 2017 as the record date (the “**Record Date**”) for determination of the persons entitled to receive notice of the Meeting. Shareholders of record as of the Record Date are entitled to vote their Common Shares.

Other than Simon Yakubowicz, to the knowledge of the Corporation’s directors and senior officers, as of the date of this Information Circular no person or company beneficially owns, directly or indirectly, or exercises control or direction over, shares carrying more than 10% of all voting rights. As of the date of this Information Circular, Simon Yakubowicz owns and exercises control over approximately 22.77% of the outstanding Common Shares of the Corporation.

As at the date of this Information Circular, the directors and officers of the Corporation, as a group, own beneficially, directly or indirectly, and exercise control or discretion over approximately 26.78% of the outstanding Common Shares of the Corporation.

## **Quorum**

Under the by-laws of the Corporation, a quorum of Shareholders is present at a meeting if at least two (2) persons are present in person, each being a shareholder entitled to vote thereat or a duly appointed proxyholder or representative for an absent shareholder so entitled, and together holding or representing by proxy not less than 10% of the outstanding shares entitled to vote at the Meeting.

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

No person who has been a director or an officer of the Corporation at any time since the beginning of its last completed financial year or any associate of any such director or officer has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the meeting, except as disclosed in this Information Circular.

## **MATTERS TO BE CONSIDERED AT THE MEETING**

To the knowledge of the board of directors of the Corporation (the “**Board**”), the only matters to be brought before the Meeting are those matters set forth in the Notice of Meeting.

### **A. ORDINARY BUSINESS**

#### **1. Financial Statements**

At the Meeting, the audited financial statements of the Corporation for the financial year ended December 31, 2016, together with the notes thereto and the Auditors’ report thereon (the “**Financial Statements**”) will be presented, but no vote by the Shareholders with respect thereto is required or proposed to be taken.

#### **2. Election of Directors**

At the Meeting, Shareholders will be asked to elect the four (4) nominees set forth in the table below as directors of the Corporation. Each of the nominees elected as a director of the Corporation will hold office until the next annual meeting of Shareholders or until his successor is duly elected or appointed or his office is vacated earlier in accordance with the articles of incorporation of the Corporation.

Voting for the election of the below named directors will be conducted on an individual, and not a slate basis. Unless a choice is otherwise specified, it is intended that the Common Shares represented by the proxies hereby solicited will be voted by the persons named therein for the election of the nominees (whose names are set forth below). If, prior to the Meeting, any vacancies occur in the slate of proposed nominees set forth below, the persons named in the enclosed form of proxy intend to vote “for” the

election of any substitute nominee or nominees recommended by management of the Corporation and “for” the remaining proposed nominees.

The following table sets forth a brief description of the nominees, including the name and province and country of residence of each of the nominees, the date each first became a director of the Corporation, their principal occupation during the past five years and the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by each of the foregoing as of the date of this Information Circular. The information contained herein is based upon information furnished by the respective nominees.

Name and Province or State and Country of Residence	Director Since	Principal Occupation for Past Five Years	Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup>
<b>Simon Yakubowicz</b> Toronto, Ontario, Canada	August 11, 2011	President, Samper Developments Ltd.	425,000
<b>Anthony DeCristofaro</b> Woodbridge, Ontario, Canada	May 8, 2012	CEO, Qnext Corp.	25,000
<b>Peter Simeon</b> Oakville, Ontario, Canada	August 11, 2011	Partner, Gowling WLG (Canada) LLP since 2015, prior to which Mr. Simeon was Partner, Wildeboer Dellelce LLP.	25,000
<b>Brian Vallesi</b> Mississauga, Ontario, Canada	September 4, 2012	Private Lender and Finance Broker	25,000

**Notes:**

- (1) Information respecting the number of Common Shares beneficially owned, or over which control or direction is exercised, directly or indirectly, as at the date of this Information Circular has been furnished to the Corporation by the above named individuals.

**Simon Yakubowicz – Chief Executive Officer, Corporate Secretary and Director.** Mr. Yakubowicz has been a developer, involved in the management and construction of commercial properties since 1978. He is the President of Samper Developments Ltd. and a Senior Partner at Princess Management in Toronto. Mr. Yakubowicz is also the President of the International Automotive Group and owns eight automobile dealerships in the Greater Toronto Area. He is an investor in the mining and oil and gas sectors and was a founding officer, director and investor in Dalradian Resources Inc., a TSX-listed company. Mr. Yakubowicz holds a Bachelor of Science degree and a Master of Science degree from the University of Toronto.

**Anthony DeCristofaro – Chief Financial Officer and Director.** Mr. DeCristofaro is currently CEO of Qnext Corp. and brings twenty-eight years of computer industry experience and three M&A transactions valued at more than CDN. \$600 Million. Previously he was President and CEO of TSX Venture Exchange (“**TSXV**”)–listed iseemedia Inc. which merged with TSX-listed Synchronica Inc. in 2010, he was President and CEO of MGI Software Corp., which he co-founded in 1996 as was sold to Roxio Inc. in 2002. Prior to founding MGI Software Corp., Mr. DeCristofaro was a founding board member of Delrina Corporation, and Vice-President and General Manager of AST Canada. Mr. DeCristofaro holds a diploma from the DeVry Institute.

**Peter Simeon – Director.** Mr. Simeon is an experienced corporate commercial and securities lawyer. As a partner in Gowling WLG (Canada) LLP’s Toronto office, he focuses his practice on corporate finance, mergers and acquisitions, and structured products. Working closely with issuers, underwriters, and other corporate clients, Mr. Simeon delivers practical, effective advice to help businesses move their transactions forward. He has acted for clients across a range of industries, such as mining, energy and technology. His expertise includes public offerings, including initial public offerings, private placements, reverse takeovers and qualifying transactions, bought deal financings, secondary offerings and share and asset purchase transactions. In addition to his work in private practice, Mr. Simeon is also an experienced in-house lawyer. He spent several years as corporate counsel at a multinational technology company, and completed a secondment at the Ontario Securities Commission in its Market Regulation

Group. Mr. Simeon is on the board of directors of TSXV-listed Tolima Gold Inc., Canadian Securities Exchange (“CSE”)-listed Namaste Technologies Inc. and CSE-listed SecureCom Mobile Inc. He holds an LLB from Osgoode Hall Law School at York University and a BA (Political Studies) from Queen’s University.

**Brian Vallesi – Director.** Mr. Vallesi has been a private lender and finance broker since September 2001. He is currently the President and Chief Executive Officer of AH Capital Corp., the Chief Financial Officer of TSXV-listed Hudson River Minerals Ltd. and the Chief Financial Officer of TSXV-listed Poplar Point Energy Inc. He was a founding director of Kam Capital Corp which completed its Qualifying Transaction with Titan Medical Inc. He was also a founding director of Seder Capital Inc., which completed its Qualifying Transaction with Covalon Technologies Inc. Prior to this, Mr. Vallesi served over 13 years in Scotiabank's commercial lending division from April 1988 to September 2001, his most recent position being that of Senior Relationship/Account Manager, Commercial Lending. Mr. Vallesi moved to Scotiabank after working with American Express in their Merchandise Audit Division and prior to that, articling for the accounting firm of Zittler, Sibling, Stein, Levine, which since merged with Ernst & Young LLP. Mr Vallesi received an undergraduate degree from the University of Western Ontario in 1980, a Bachelor of Commerce from the University of Windsor in 1982 and a Masters of Business Administration from the University of Windsor in 1983. Mr. Vallesi has considerable sophisticated business experience which is expected to prove valuable to the Resulting Issuer.

**The Board believes the election of the above named nominees as directors of the Corporation is in the best interests of the Corporation, and recommends that the Shareholders vote FOR of electing the nominees.**

**Unless otherwise directed to the contrary, it is the intention of the persons named in the enclosed form of proxy to vote proxies in favour of the election of the nominees set forth in the table above as directors of the Corporation.** In order to be effective, the ordinary resolution in respect of the election of each nominee director must be passed by not less than a majority of the votes cast by Shareholders who vote in respect of this ordinary resolution.

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

Except as described below, to the knowledge of the Corporation, no proposed director of the Corporation (nor any personal holding company of any of such persons) is, as at the date of this Information Circular, or has been within ten (10) years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation), that while such person was acting in that capacity, was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days, or after such persons ceased to be a director, chief executive officer or chief financial officer of the company, was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than thirty (30) consecutive days, which resulted from an event that occurred while acting in such capacity.

In addition, none of those persons who are proposed directors of the Corporation other than other as listed below is, or has been within the past ten (10) years, a director or executive officer of any company, including the Corporation, that, while such 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. None of the persons who are proposed directors of the Corporation have, within the past 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

In August 2006, Luxell Technologies Inc. ("**Luxell**") announced its intention to file a proposal under the *Bankruptcy and Insolvency Act*. This proposal was accepted by the creditors in October 2006 and approved by the courts in November 2006. On April 27, 2007 the Ontario Securities Commission ("**OSC**") issued a temporary cease trade order against Luxell pursuant to National Policy 12-203 – *Cease Trade Orders for Continuous Disclosure Defaults* ("**NP 12-203**") in connection with Luxell's failure to file its quarterly financial statements and the related management's discussion and analysis for the period ended February 28, 2007 within the time periods prescribed by National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**"). The interim financials were subsequently filed and the cease trade order expired in May 2007. Mr. DeCristofaro was a director of Luxell during this time. Luxell ceased to be a reporting issuer on June 17, 2009.

On December 7, 2007, the OSC also issued a temporary management cease trade order against the directors, officers and insiders of Luxell, including Mr. DeCristofaro, as well as a temporary cease trade order against Luxell, pursuant to NP 12-203 for failure by Luxell to file its annual financial statements for the year ended August 31, 2007, its management's discussion and analysis relating to such annual financial statements and its annual information form for the year ended August 31, 2007 within the time periods prescribed by NI 51-102. On December 20, 2007, the OSC issued a permanent management cease trade order against the directors, officers and insiders of Luxell, including Mr. DeCristofaro, and a permanent cease trade order against Luxell in respect of the matters outlined above. Mr. DeCristofaro was a director of Luxell during this time. Luxell ceased to be a reporting issuer on June 17, 2009.

On May 9, 2011, the OSC issued a temporary cease trade order against Poplar Point Energy Inc. ("**Poplar**") pursuant to NP 12-203 in connection with Poplar's failure to file its annual financial statements for the year ended December 31, 2010 and, its management's discussion and analysis relating to the annual financial statements for the year ended December 31, 2010 within the time periods prescribed by NI 51-102, and the certification of the foregoing filings as required by National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*. On May 20, 2011, the OSC issued a permanent cease trade order against Poplar in respect of the matters outlined above. Mr. Vallesi was a director of Poplar during this time.

### **3. Appointment of Auditors**

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the appointment of Collins Barrow Toronto LLP, Chartered Accountants of Toronto, Ontario as auditors of the Corporation (the "**Auditors**") until the close of the next annual meeting of Shareholders and to authorize the directors to fix their remuneration. Collins Barrow Toronto LLP, Chartered Accountants have been the Auditors of the Corporation since August 7, 2012.

### **4. Approval of the Option Plan**

The Corporation's stock option plan (the "**Option Plan**") was designed to advance the interests of the Corporation by encouraging employees, officers and consultants to have equity participation in the Corporation through the acquisition of Common Shares. A copy of the Option Plan is attached hereto as Schedule "A".

TSXV Policy 4.4 requires all listed companies with a 10% rolling stock option plan to obtain annual Shareholder approval of such plan. As the Corporation's Option Plan is a 10% rolling stock option plan, Shareholders will therefore be asked at the Meeting to consider and, if thought advisable, to pass an ordinary resolution re-approving the Option Plan.

## **Ordinary Resolution**

### **“WHEREAS:**

- A. the Board of Directors of the Corporation adopted a stock option plan (the “**Option Plan**”) as described in the Corporation’s management information circular dated June 12, 2017, which Option Plan does not have a fixed maximum number of Common Shares issuable; and
- B. the rules of the TSX Venture Exchange provide that all unallocated options, rights or other entitlements under a security-based compensation arrangement that does not have a fixed number of maximum securities issuable be approved by the shareholders of the Corporation every year.

**BE IT RESOLVED** as an ordinary resolution of the shareholders of the Corporation that:

- 1. the current Option Plan of as described in the management information circular of the Corporation dated June 12, 2017 is hereby ratified, approved and confirmed; and
- 2. any director or officer of the Corporation is hereby authorized to execute (whether under the corporate seal of the Corporation or otherwise) and deliver all such documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to the true intent of these resolutions.”

The resolutions must be approved by a simple majority approval of the votes cast by the Shareholders at the Meeting, excluding any admissible persons under the Option Plan. If the Option Plan is not approved by the Shareholders, the Corporation will have to consider other methods of compensating and providing incentives to directors, officers, employees and consultants.

**Management recommends that Shareholders vote FOR the adoption of the ordinary resolution approving the Option Plan.**

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE OPTION PLAN UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE COMMON SHARES ARE TO BE VOTED AGAINST SUCH ORDINARY RESOLUTION.**

## **5. Other Business**

Management is not aware of any other matters to come before the Meeting, other than those set out in the Notice of Meeting. **If other matters come before the Meeting, it is the intention of the management designees named in the instrument of proxy to vote the same in accordance with their best judgment in such matters.**

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The Corporation is currently a capital pool company (“**CPC**”). Pursuant to TSXV Policy 2.4, and until the Corporation completes a qualifying transaction as defined in TSXV Policy 2.4 (a “**Qualifying Transaction**”), no compensation of any kind may be provided to the Corporation’s directors or officers, directly or indirectly, by any means, including payment of salary, other than compensation that may be provided by way of options to purchase Common Shares (the “**Options**”) pursuant to the Corporation’s Option Plan.

The Option Plan is a 10% rolling stock option plan as contemplated under TSXV Policy 4.4, meaning that the maximum number of Common Shares reserved for issuance cannot be greater than the number of Common Shares equal to a maximum of 10% of the issued and outstanding Common Shares at the time of any Option grant. All Options vest in full upon grant other than for Options which may be granted to consultants performing investor relations activities, in which case such Options will vest in stages over 12 months with no more than one-quarter vesting in any three month period. The expiry date of an Option is fixed by the Board at the time the particular Option is awarded up to a maximum of 10 years following the award date of such Option.

The Corporation chose to issue Options after completing its initial public offering (“**IPO**”) in order to maintain a competitive position in the CPC marketplace. Issuing Options was the only permissible form of compensation that could be awarded to directors and officers while the Corporation is a CPC.

The objective and purpose of any Option reward is to encourage the Corporation’s officers and directors to find a Qualifying Transaction that is in the best interest of the Shareholders. If a Qualifying Transaction is not successfully completed, or if one is completed that does not increase the value of the Common Shares during the term of the Option, the directors and officers will receive no benefit, or very little benefit, from any Options.

Upon completing its IPO, the Corporation granted 373,370 Options to directors and officers of the Corporation. The Corporation does not have an active compensation program and does not plan to issue additional Options to management.

Following the completion of a Qualifying Transaction by the Corporation, if any, it is anticipated that the Corporation will pay compensation to its directors and officers in accordance with industry standards, depending on the nature and size of the particular business that the Corporation acquires in connection with any Qualifying Transaction that it may complete.

### **Risks of Compensation Policies and Practices**

The Corporation’s compensation program was designed to provide executive officers incentives for the achievement of near-term and long-term objectives, without motivating them to take unnecessary risk. As part of its review and discussion of executive compensation, the Board noted the following facts that discourage the Corporation’s executives from taking unnecessary or excessive risk: (i) the Corporation’s business strategy and related compensation philosophy; and (ii) the effective balance, in each case, between near-term and long-term focus, corporate and individual performance, and financial and non-financial performance.

Based on this review, the Board believes that the Corporation’s total executive compensation program does not encourage executive officers to take unnecessary or excessive risk.

### **Share-Based and Non-Equity Incentive Plan Compensation**

The Corporation has not at any time granted any share-based awards nor has it provided any awards pursuant to a non-equity incentive plan.

### **Compensation Governance**

For a discussion on policies and practices by the Board to determine the compensation of the Corporation’s directors and executive officers, see “*Executive Compensation – Compensation Discussion and Analysis*”. The Corporation has not established a compensation committee and does not intend to do so before the completion of a Qualifying Transaction. Compensation of the Named Executive Officers (as defined below) and the directors is considered and approved by the entire Board, in each on an annual basis.

## Benefit, Contribution, Pension, Retirement, Deferred Compensation and Actuarial Plans

The Corporation currently has no defined benefit, defined contribution, pension, retirement, deferred compensation or actuarial plans for its Named Executive Officers or directors of the Corporation.

## Compensation of Directors and Executive Officers

### *Named Executive Officers – Summary Compensation and Outstanding Option-Based Awards*

Simon Yakubowicz was appointed as the Chief Executive Officer of the Corporation effective August 11, 2011 and Anthony DeCristofaro was appointed as the Chief Financial Officer effective August 28, 2012 (collectively the “**Named Executive Officers**”). Due to the Corporation’s status as a CPC, no compensation other than Option-based awards have been paid to the Corporation’s Named Executive Officers or directors. The Corporation closed its IPO on August 20, 2014.

### *Summary Compensation excluding Compensation Securities*

The following table sets forth information in respect of total compensation for the financial years ended December 31, 2015 and December 31, 2016 for the Named Executive Officers and directors, other than for compensation securities, as contemplated in Form 51-102F6V of National Instrument 51-102 – *Continuous Disclosure Obligations*.

Name and Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Simon Yakubowicz</b> Chief Executive Officer, Corporate Secretary and Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
<b>Anthony DeCristofaro</b> Chief Financial Officer and Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
<b>Peter Simeon</b> Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
<b>Brian Vallesi</b> Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil

### *Stock Options and Other Compensation Securities*

The following table sets forth information in respect of all compensation securities granted or issued to each Named Executive Officer and director during the most recently completed financial year ended December 31, 2016. Options comprise the Corporation’s only form of compensation securities. See Schedule “A” for a copy of the full text of the Option Plan.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class <sup>(1)(2)</sup>	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
<b>Simon Yakubowicz</b> Chief Executive Officer, Corporate Secretary and Director	Options	Nil	N/A	N/A	N/A	N/A	N/A
<b>Anthony DeCristofaro</b> Chief Financial Officer and Director	Options	Nil	N/A	N/A	N/A	N/A	N/A
<b>Peter Simeon</b> Director	Options	Nil	N/A	N/A	N/A	N/A	N/A
<b>Brian Vallesi</b> Director	Options	Nil	N/A	N/A	N/A	N/A	N/A

**Notes:**

(1) The following Options are outstanding to Named Executive Officers and directors as at December 31, 2016:

- a) Simon Yakubowicz: 212,870 Options
- b) Anthony DeCristofaro: 53,500 Options
- c) Peter Simeon: 53,500 Options
- d) Brian Vallesi: 53,500 Options

All Options granted to the foregoing individuals expire 10 years from the date of grant.

(2) All Options issued to Named Executive Officers and directors vested fully upon the date of grant.

***Exercise of Compensation Securities During the Year***

The following table sets forth information for each Named Executive Officer and director concerning the exercise of compensation securities during the financial year ended December 31, 2016.

Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
<b>Simon Yakubowicz</b> Chief Executive Officer, Corporate Secretary and Director	Options	Nil	N/A	N/A	N/A	N/A	N/A
<b>Anthony DeCristofaro</b> Chief Financial Officer and Director	Options	Nil	N/A	N/A	N/A	N/A	N/A
<b>Peter Simeon</b> Director	Options	Nil	N/A	N/A	N/A	N/A	N/A
<b>Brian Vallesi</b> Director	Options	Nil	N/A	N/A	N/A	N/A	N/A

## Employment, Consulting and Management Agreements

There are no contracts, agreements, plans or arrangements that provide for compensation to the Named Executive Officers or directors, and, other than as provided for at common law, there are no arrangements or agreements to provide payments at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation or a change in the Named Executive Officer's or director's responsibilities.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth the Corporation's equity compensation plans under which equity securities are authorized for issuance as at December 31, 2016, the end of the most recently completed financial year.

Plan Category	Number of Common Shares to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Common Shares Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by securityholders	373,370 <sup>(1)(2)</sup>	\$0.20 <sup>(1)(2)</sup>	Nil <sup>(1)(3)</sup>
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>TOTAL</b>	<b>373,370<sup>(1)(2)</sup></b>	<b>N/A<sup>(1)(2)</sup></b>	<b>Nil<sup>(1)(3)</sup></b>

### Notes:

- (1) The Option Plan is a "rolling" stock option plan which reserves for issuance a maximum of 10% of the issued and outstanding Common Shares at the time of the Option grant.
- (2) On August 20, 2014, upon completion of the Corporation's initial public offering, the Corporation granted 373,370 Options to directors and officers of the Corporation with an exercise price of \$0.20 per Common Share.
- (3) The Corporation currently has no Options available for further issuance under the Option Plan.
- (4) Effective March 13, 2017, the Corporation was transferred to the NEX board of the TSXV. IN connection with the transfer to the NEX, a total of 500,001 Common Shares issued to non-arm's length parties that constituted "seed shares" under policy 2.4 of the TSXV were cancelled. Prior thereto, the Corporation had 3,733,701 Common Shares issued and outstanding.

## CORPORATE GOVERNANCE DISCLOSURE

### General

The Board views effective corporate governance as an essential element for the effective and efficient operation of the Corporation. The Corporation believes that effective corporate governance improves corporate performance and benefits all of its Shareholders. The following statement of corporate governance practices sets out the Board's review of the Corporation's governance practices relative to Form 58-101F2 under National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Policy 58-201 – *Corporate Governance Guidelines*.

### Board of Directors

The Board, which is responsible for supervising the management of the business and affairs of the Corporation, is currently comprised of four (4) directors, of which two (2) are independent, as such term is defined in NI 58-101 and National Instrument 52-110 – *Audit Committees* ("NI 52-110"). The independent directors are Peter Simeon and Brian Vallesi. Simon Yakubowicz, Chief Executive Officer and Anthony DeCristofaro, Chief Financial Officer are not independent by virtue of them being members of the Corporation's management.

The Board has not adopted any formal terms of reference or mandate for the Board other than a charter ("**Audit Committee Charter**") for the audit committee of the Corporation ("**Audit Committee**") which is attached hereto as 0.

The Board has plenary power to manage and supervise the management of the business and affairs of the Corporation and to act in the best interest of the Corporation. The Board is responsible for the overall stewardship of the Corporation and approves all significant decisions that affect the Corporation before they are implemented. The Board also considers their implementation and reviews the results. The Board has the responsibility to participate with management in finding, and ultimately approving, the Corporation's Qualifying Transaction.

### **Other Reporting Issuer Experience**

Certain of the Corporation's directors or nominee directors are currently directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:

<b>Name</b>	<b>Name of Reporting Issuer</b>	<b>Name of Exchange or Market</b>	<b>Position</b>
Peter Simeon	Namaste Technologies Inc.	CSE	Director
	SecureCom Mobile Inc.	CSE	Director
	Tolima Gold Inc.	TSXV	Director
Brian Vallesi	Poplar Point Energy Inc.	TSXV	Director and Chief Financial Officer
	Hudson River Minerals Ltd.	TSXV	Director and Chief Financial Officer

### **Orientation and Continuing Education of Board Members**

The Corporation currently does not have any formal orientation or continuing education programs in place for new directors. At such time as there is a change in the Board, this policy will be reviewed.

### **Ethical Business Conduct**

The Board is of the view that the fiduciary duties placed on individual directors pursuant to corporate legislation and the common law, and the conflict of interest provisions under corporate legislation which restricts an individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.

### **Nomination of Directors**

The size of the Board is reviewed annually when the Board considers the number of directors to recommend for election at the annual meeting of Shareholders. The Board takes into account the number of directors required to carry out the Board duties effectively, and to maintain a diversity of view and experience.

### **Compensation of Directors and Officers**

Other than Options granted pursuant to the Option Plan, the directors and officers of the Corporation are not currently compensated for acting in such capacities. See "*Executive Compensation – Compensation of Directors*".

### **Other Board Committees**

The Board has no standing committees other than the Audit Committee.

## **Assessment of Directors, the Board and Board Committees**

The Board monitors the adequacy of information given to directors, the communications between the Board and management and the strategic direction and processes of the Board and its Audit Committee, to satisfy itself that the Board, its Audit Committee and its individual directors are performing effectively.

### **AUDIT COMMITTEE**

A copy of the Audit Committee Charter is attached hereto as Schedule "B".

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

The Audit Committee of the Board currently consists of Anthony DeCristofaro, Peter Simeon and Brian Vallesi. All members of the Audit Committee are "financially literate" as such term is defined in NI 52-110.

#### **Relevant Education and Experience of Audit Committee Members**

##### ***Anthony DeCristofaro***

Mr. DeCristofaro is currently CEO of Qnext Corp. and brings twenty-eight years of computer industry experience and three M&A transactions valued at more than CDN. \$600 Million. Previously he was President and CEO of TSX Venture Exchange TSXV-listed iseemedia Inc. which merged with TSX-listed Synchronica Inc. in 2010, he was President and CEO of MGI Software Corp., which he co-founded in 1996 as was sold to Roxio Inc. in 2002. Prior to founding MGI Software Corp., Mr. DeCristofaro was a founding board member of Delrina Corporation, and Vice-President and General Manager of AST Canada. Mr. DeCristofaro holds a diploma from the DeVry Institute.

##### ***Peter Simeon***

Mr. Simeon is an experienced corporate commercial and securities lawyer. As a partner in Gowling WLG (Canada) LLP's Toronto office, he focuses his practice on corporate finance, mergers and acquisitions, and structured products. Working closely with issuers, underwriters, and other corporate clients, Mr. Simeon delivers practical, effective advice to help businesses move their transactions forward. He has acted for clients across a range of industries, such as mining, energy and technology. His expertise includes public offerings, including initial public offerings, private placements, reverse takeovers and qualifying transactions, bought deal financings, secondary offerings and share and asset purchase transactions. In addition to his work in private practice, Mr. Simeon is also an experienced in-house lawyer. He spent several years as corporate counsel at a multinational technology company, and completed a secondment at the Ontario Securities Commission in its Market Regulation Group. Mr. Simeon is on the board of directors of TSXV-listed Tolima Gold Inc., CSE-listed Namaste Technologies Inc. and CSE-listed SecureCom Mobile Inc. He holds an LLB from Osgoode Hall Law School at York University and a BA (Political Studies) from Queen's University.

##### ***Brian Vallesi***

Mr. Vallesi has been a private lender and finance broker since September 2001. He is currently the President and Chief Executive Officer of AH Capital Corp., the Chief Financial Officer of TSXV-listed Hudson River Minerals Ltd. and the Chief Financial Officer of TSXV-listed Poplar Point Energy Inc. He was a founding director of Kam Capital Corp which completed its Qualifying Transaction with Titan Medical Inc. He was also a founding director of Seder Capital Inc., which completed its Qualifying Transaction with Covalon Technologies Inc. Prior to this, Mr. Vallesi served over 13 years in Scotiabank's commercial lending division from April 1988 to September 2001, his most recent position being that of Senior Relationship/Account Manager, Commercial Lending. Mr. Vallesi moved to

Scotiabank after working with American Express in their Merchandise Audit Division and prior to that, articling for the accounting firm of Zittrer, Siblin, Stein, Levine, which since merged with Ernst & Young LLP. Mr Vallesi received an undergraduate degree from the University of Western Ontario in 1980, a Bachelor of Commerce from the University of Windsor in 1982 and a Masters of Business Administration from the University of Windsor in 1983. Mr. Vallesi has considerable sophisticated business experience which is expected to prove valuable to the Resulting Issuer.

### **Audit Committee Oversight**

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

### **Reliance on Certain Exemptions**

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

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

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services under the heading “*Accounting Systems, Internal Controls and Procedures*” of the Audit Committee Charter of the Corporation which is attached hereto as 0.

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

The approximate aggregate fees paid by the Corporation to the external Auditors of the Corporation for the two last financial years for audit fees are described below. The Corporation was incorporated on August 11, 2011.

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
December 31, 2016	\$5,000	\$4,700	\$1,500	\$3,385

### **Exemption**

As an issuer listed on the NEX Board of the TSXV, the Corporation currently relies on the exemption set forth in Section 6.1 of NI 52-110 pertaining to composition of the Audit Committee and reporting obligations under NI 52-110.

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

There is not as of the date hereof, and has not been since the beginning of the Corporation’s last completed financial year, any indebtedness owing to the Corporation by the directors and senior officers of the Corporation or any of their associates or affiliates.

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

Other than as disclosed in this Information Circular, no “informed person” (as such term is defined in National Instrument 51-102 – Continuous Disclosure Obligations) of the Corporation or any associate or

affiliate of the foregoing has any material interest, direct or indirect, in any transaction in which the Corporation has participated since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or will materially affect the Corporation.

### **MANAGEMENT CONTRACTS**

The Corporation has no management contracts or other arrangement in place where management functions are performed by a person or company other than the directors or executive officers of the Corporation.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may request copies of the Corporation's audited financial statements as at and for the financial year ended December 31, 2016, and management's discussion and analysis for such financial results by contacting the Secretary of the Corporation at 1 First Canadian Place, 100 King St. West, Suite 1600, Toronto, ON M5X 1G5.

### **BOARD OF DIRECTORS APPROVAL**

The contents and the sending of this Information Circular have been approved by the Board of Directors.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
CLUNY CAPITAL CORP.**

*(Signed) "Simon Yakubowicz"*

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Chief Executive Officer

Toronto, Ontario  
June 12, 2017

**SCHEDULE “A”  
STOCK OPTION PLAN OF CLUNY CAPITAL CORP.**

**ARTICLE 1  
DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

As used herein, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the meanings set forth below:

- (a) “Administrator” means, initially, the Chief Executive Officer of the Corporation and thereafter shall mean such director or other senior officer or employee of the Corporation as may be designated as Administrator by the Board from time to time.
- (b) “Award Date” means the date on which the Board awards a particular Option.
- (c) “Board” means the board of directors of the Corporation or any committee thereof to which the board of directors of the Corporation has delegated the power to administer and grant Options under the Plan.
- (d) “Cause” means:
  - (i) in the case of an Employee or Officer: (1) cause as such term is defined in the written employment agreement with the Employee or Officer or if there is no written employment agreement or cause is not defined therein, the usual meaning of just cause under the common law or the laws of the jurisdiction in which the employee is employed; or (2) the termination of employment as a result of an order made by any Regulatory Authority having jurisdiction to so order;
  - (ii) in the case of a Consultant: (1) the occurrence of any event which, under the written consulting contract with the Consultant or the common law or the laws of the jurisdiction in which the Consultant provides services, gives the Corporation or any of its affiliates the right to immediately terminate the consulting contract; or (2) the termination of the consulting contract as a result of an order made by any Regulatory Authority having jurisdiction to so order; or
  - (iii) in the case of a Director, ceasing to be a Director as a result of: (1) ceasing to be qualified pursuant to section 118(1) of the *Business Corporations Act (Ontario)*; (2) a resolution having been passed under section 122 of the *Business Corporations Act (Ontario)* or by the resolution or method specified in the Corporation’s Articles; or (3) an order made by any Regulatory Authority having jurisdiction to so order.
- (e) “Change of Control” means and shall be deemed to have occurred if one of the following events takes place:

- (i) the sale, transfer or other disposition of all or substantially all of the Corporation's assets in complete liquidation or dissolution of the Corporation;
  - (ii) the Corporation amalgamates or enters into a plan of arrangement with another Corporation at arm's length to the Corporation and its affiliates, other than an amalgamation or plan of arrangement that would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or resulting entity) more than 50% of the combined voting power of the surviving or resulting entity outstanding immediately after such amalgamation or plan of arrangement; or
  - (iii) any Person or combination of Persons at arm's length to the Corporation and its affiliates acquires or becomes the beneficial owner of, directly or indirectly, more than 50% of the voting securities of the Corporation, whether through the acquisition of previously issued and outstanding voting securities, or of voting securities that have not been previously issued, or any combination thereof, or any other transaction having a similar effect.
- (f) "Common Share" or "Common Shares" means, as the case may be, one or more common shares without par value in the capital of the Corporation.
  - (g) "Corporation" means Cluny Capital Corp., a corporation incorporated under the *Business Corporations Act (Ontario)*.
  - (h) "Consultant" has the meaning given to that term in National Instrument 45-106 – *Prospectus and Registration Exemptions*, and for the purposes of the Plan includes consultants of the Corporation and any related entity of the Corporation including any consultant companies of the Corporation and any related entity of the Corporation.
  - (i) "consultant corporation" means for an individual consultant, a corporation or partnership of which the individual is an employee, shareholder or partner.
  - (j) "Director" means the directors of the Corporation, and for purposes of the Plan includes directors of any related entity of the Corporation.
  - (k) "Eligible Persons" means Directors, Officers, Employees and Consultants.
  - (l) "Employee" means an employee of the Corporation and any Related Entity of the Corporation.
  - (m) "Exercise Notice" means the notice respecting the exercise of an Option, in the form set out as Appendix "B" hereto, duly executed by the Option Holder.
  - (n) "Exercise Period" means the period during which a particular Option may be exercised and is the period from and including the Award Date through to and including the Expiry Date.

- (o) “Exercise Price” means the price at which an Option may be exercised as determined in accordance with paragraph 3.5.
- (p) “Expiry Date” means the date determined in accordance with paragraph 3.4 and after which a particular Option cannot be exercised.
- (q) “Expiry Period” has the meaning given to that term under paragraph 3.4(b).
- (r) “Fixed Expiry Date” has the meaning given to that term under paragraph 3.4.
- (s) “insider” has the meaning given to that term in the *Securities Act* (Ontario).
- (t) “Market Price” of the Common Shares for a particular Award Date shall be determined as follows:
  - (i) for each organized trading facility on which the Common Shares are listed, Market Price shall be the closing trading price of the Common Shares on the last trading day immediately preceding the Award Date;
  - (ii) if the Common Shares are listed on more than one organized trading facility, then Market Price shall be the greater of the Market Prices determined for each organized trading facility on which those Common Shares are listed as determined for each organized trading facility in accordance with section (i) above;
  - (iii) if the Common Shares are listed on one or more organized trading facility but have not traded during the 10 trading day period immediately preceding the Award Date, then the Market Price shall be, subject to the necessary approvals of the applicable Regulatory Authorities, such value as is determined by resolution of the Board; and
  - (iv) if the Common Shares are not listed on any organized trading facility, then the Market Price shall be, subject to the necessary approvals of the applicable Regulatory Authorities, the fair market value of the Common Shares on the Award Date as determined by the Board in its discretion.
- (u) “Management Corporation Employee” means an individual employed by a Person providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a Person engaged in investor relations activities.
- (v) “Officer” means an officer of the Corporation or Management Corporation Employee, and for the purposes of the Plan includes officers and Management Corporation Employees of the Corporation and any related entity of the Corporation.
- (w) “Option” means an option to acquire Common Shares, awarded to an Eligible Person pursuant to the Plan.
- (x) “Option Certificate” means the certificate, in the form set out as Appendix “A” hereto, evidencing an Option.

- (y) “Option Holder” means a Person who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person.
- (z) “Other Share Compensation Arrangement” means, other than this Plan and any Options, any stock option plan, stock options, employee stock purchase plan or other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including but not limited to a purchase of Common Shares from treasury which is financially assisted by the Corporation by way of loan, guarantee or otherwise.
- (aa) “Person” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, Corporation or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency or entity however designated or constituted.
- (bb) “Personal Representative” means:
  - (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
  - (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder.
- (cc) “Plan” means this stock option plan.
- (dd) “Regulatory Authorities” means all stock exchanges, inter-dealer quotation networks and other organized trading facilities on which the Corporation’s Shares are listed and all securities commissions or similar securities regulatory bodies having jurisdiction over the Corporation.
- (ee) “Related Entity” has the meaning given to that term in National Instrument 45-106 – *Prospectus and Registration Exemptions*.
- (ff) “Securities Laws” means securities legislation, securities regulations and securities rules, as amended, and the instruments, forms, notices and policy documents in force from time to time that are applicable to the Corporation.
- (gg) “Share” or “Shares” means, as the case may be, one or more shares of any class in the share capital of the Corporation from time to time.
- (hh) “Termination Date” means:
  - (i) in the case of the Option Holder’s resignation from employment or the termination of the Option Holder’s consulting contract by the Option Holder, the date that the Option Holder provides notice of such resignation or termination to the Corporation or any of its affiliates; or

- (ii) in the case of the termination of the Option Holder's employment or consulting contract by the Corporation or any of its affiliates for any reason (whether such termination is lawful or unlawful) other than death, the date that the Corporation or any of its affiliates delivers written notice of such lawful or unlawful termination of the Option Holder's employment or consulting contract to the Option Holder; or
- (iii) in the case of the expiry of a fixed-term employment agreement or consulting contract that is not renewed or extended, the last day of the term.

## **1.2 Choice of Law**

The Plan is established under, and the provisions of the Plan shall be subject to and interpreted and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

## **1.3 Headings**

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

# **ARTICLE 2 PURPOSE AND PARTICIPATION**

## **2.1 Purpose**

The purpose of the Plan is to provide the Corporation with a share-related mechanism to attract, retain and motivate qualified Directors, Officers, Consultants and Employees, to reward such of those Directors, Officers, Consultants and Employees as may be awarded Options under the Plan by the Board from time to time for their contributions toward the long term goals of the Corporation and to enable and encourage such Directors, Officers, Consultants and Employees to acquire Common Shares as long term investments.

## **2.2 Participation**

The Board shall, from time to time and in its sole discretion, determine which of the Eligible Persons, if any, shall be awarded Options. The Board shall only award an Option to a Consultant, Employee or Management Corporation Employee if the Consultant, Employee or Management Corporation Employee is a bona fide Consultant, Employee or Management Corporation Employee of the Corporation or an affiliate of the Corporation, and the Corporation shall make such a representation if required by the Regulatory Authorities. The Board may, in its sole discretion, grant the majority of the Options to insiders of the Corporation. However, in no case shall:

- (a) the number of Options awarded in a one-year period to any one Consultant exceed 2% of the issued Shares of the Corporation (calculated at the time of award);
- (b) the number of Options awarded in a one-year period to any one individual exceed 5% of the outstanding Shares of the Corporation (calculated at the time of award), unless disinterested shareholder approval has been obtained;

- (c) the aggregate number of Options awarded in a one-year period to Persons employed to provide investor relations services exceed 2% of the issued Shares of the Corporation (calculated at the time of award);
- (d) the exercise price of Options be reduced in price if the Optionee is an Insider of the Issuer at the time of the proposed amendment, unless disinterested shareholder approval has been obtained;
- (e) the aggregate number of Options awarded to insiders under the Plan and any previously established and outstanding stock option plans or grants in a one-year period exceed 10% of the issued Shares of the Corporation (calculated at the time of award), unless disinterested shareholder approval has been obtained; or
- (f) the aggregate number of Common Shares reserved for issuance to insiders upon the exercise of Options awarded under the Plan and any previously established and outstanding stock option plans or grants, exceed 10% of the issued Shares of the Corporation (calculated at the time of award), unless disinterested shareholder approval has been obtained.

### **2.3 Notification of Award**

Following the award of an Option by the Board, the Administrator shall notify the Option Holder in writing of the award and shall enclose with such notice the Option Certificate representing the Option so awarded.

### **2.4 Copy of Plan**

Each Option Holder, concurrently with the notice of the award of the Option, shall be provided with a copy of the Plan. A copy of any amendment to the Plan shall be promptly provided by the Administrator to each Option Holder.

### **2.5 Limitation**

The Plan does not give any Option Holder that is a Director or Officer the right to serve or continue to serve as a Director or Officer of the Corporation or any of its affiliates nor does it give any Option Holder that is an Employee or Consultant the right to be or to continue to be employed with or have a consulting relationship with the Corporation or any of its affiliates.

### **2.6 Options Granted To Corporations**

Except in relation to consultant corporations, Options may only be granted to an individual or a corporation that is wholly-owned by Eligible Persons. If a corporation is an Option Holder, it must provide the TSX Venture Exchange with a completed *Form 4F – Certification and Undertaking Required from a Corporation Granted an Incentive Stock Option*. The corporation must agree not to effect or permit any transfer of ownership or option of shares of the corporation nor to issue further shares of any class in the corporation to any other individual or entity as long as the Option remains outstanding, except with the written consent of the TSX Venture Exchange.

## **ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS**

### **3.1 Board to Issue Common Shares**

The Common Shares to be issued to Option Holders upon the exercise of Options shall be authorized and unissued Common Shares the issuance of which shall have been authorized by the Board.

### **3.2 Number of Common Shares**

The aggregate number of Common Shares that may be reserved for issuance pursuant to Options shall not exceed 10% of the outstanding Common Shares at the time of the granting of an Option, less the aggregate number of Common Shares then reserved for issuance pursuant to any Other Share Compensation Arrangement. Until such time as the Corporation is no longer a capital pool company under Policy 2.4 – *Capital Pool Companies*, the Corporation may only reserve for issuance such number of Common Shares as is equal to 10% of the Common Shares outstanding at the time of listing the Common Shares on the TSX Venture Exchange. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Common Shares in respect of which the option was not exercised shall be available for the purposes of the Plan. Any exercises of Options will make new grants available under the Plan, effectively resulting in a re-loading of the number of Options available for grant under the Plan.

### **3.3 Term of Option**

Subject to such other terms or conditions that may be attached to an Option granted hereunder, an Option Holder may exercise any vested portion or portions of an Option in whole or in part at any time or from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of 5:00 p.m. local time in Toronto, Ontario on the Expiry Date.

### **3.4 Termination**

Subject to subparagraphs (a) to (e) below, the Expiry Date of an Option shall be the date fixed by the Board at the time the particular Option is awarded (the “Fixed Expiry Date”), provided that the Expiry Date shall be no later than the date that is 10 years following the Award Date of such Option:

(a) Death

If the Option Holder dies while his or her Option is outstanding, then the following shall apply, the Expiry Date for any vested portion or portions of the Option shall be the earlier of the Fixed Expiry Date and the date that is 12 months after the date of the Option Holder’s death. The Expiry Date for any unvested portion of the Option shall be the date of the Option Holder’s death. The right to purchase Common Shares under an Option shall not vest after the date of the Option Holder’s death.

(b) Ceasing to be a Director or Officer

If the Option Holder holds an Option as a Director or Officer and the Option Holder ceases to be a Director or Officer (other than by reason of death), then the following shall apply. The Expiry Date for any vested portion or portions of the Option shall be the earlier of the Fixed Expiry Date and the date that is 90 days after the Option Holder ceases to be a Director and Officer (or, in the case of persons who are Directors and Officers of the Corporation at the time that the Common Shares are listed on the TSX Venture Exchange only, such longer period as may be permitted under Policy 2.4 – *Capital Pool Companies* (the “Expiry Period”). Notwithstanding the foregoing, if the Option Holder ceases to be a Director or Officer for Cause, the Expiry Date shall be the date that the Option Holder ceases to be a Director or Officer. The Expiry Date for any unvested portion of the Option shall be the date that the Option Holder ceases to be a Director or Officer. The right to purchase Common Shares under an Option shall not vest after the date that the Option Holder ceases to be a Director or Officer.

(c) Ceasing to be an Employee or Consultant

If the Option Holder holds an Option as an Employee or Consultant and the Option Holder ceases to be an Employee or Consultant (other than by reason of death), then the following shall apply. The Expiry Date for any vested portion or portions of the Option shall be the earlier of the Fixed Expiry Date and the date that is 90 days after the Option Holder ceases to be an Employee or Consultant. Notwithstanding the foregoing, if the Option Holder ceases to be an Employee or Consultant for Cause, the Expiry Date shall be the Termination Date. The Expiry Date for any unvested portion of the Option shall be the Termination Date. The right to purchase Common Shares under an Option shall not vest after the Termination Date. For greater certainty, if the Corporation gives an Employee or Consultant working notice of termination of employment or the consulting contract or payment in lieu of notice or if the Corporation wrongfully or constructively dismisses the Employee or Consultant, no vesting shall occur during the working notice period or deemed notice period that the Employee or Consultant receives or should have received. The Expiry Period shall commence on the first day of such working notice period or deemed notice period.

(d) Change of Control

In the event of a Change of Control or impending Change of Control, the Board may, subject to any necessary prior written approval of the Regulatory Authorities, in its sole discretion, deal with outstanding Options in the manner it deems fair and reasonable in light of the circumstances. Without limiting the generality of the foregoing, the Board may, without any action or consent required on the part of any Option Holder:

- (i) deliver a notice to the Option Holder advising the Option Holder that the unvested portion of the Option held by the Option Holder, if any, shall immediately vest;
- (ii) deliver a notice to an Option Holder advising the Option Holder that the Expiry Date for any vested portion or portions of the Option shall be the earlier of the Fixed Expiry Date and the day that is 10 days following the

date of the notice and the Expiry Date for any unvested portion of the Option shall be the date of the notice; or

- (iii) take such other actions, and combinations of the foregoing actions, as it deems fair and reasonable under the circumstances.

(e) **Black-out Period**

If an Option expires during a Black-Out Period, then, notwithstanding any other provision of the Plan, the Option shall expire 10 business days after the Black-Out Period is lifted by the Corporation. For the purposes hereof, a “Black-Out Period” means that period during which a trading black-out period is imposed by the Corporation to restrict trades in the Corporation’s securities by an Option Holder.

The foregoing subparagraphs (b) and (c) shall only apply once an Option Holder ceases to fall into any of the categories of Eligible Persons. The Board and the Administrator shall look to which of the definitions of Employee, Director, Officer or Consultant the Option Holder met immediately prior to the Option Holder ceasing to be an Eligible Person to determine which of subparagraphs (b) or (c) shall apply. If the Option Holder met more than one definition, then the following shall apply. If the Option Holder was an Employee or Consultant, then the Option Holder shall be deemed to hold his or her Option as an Employee or Consultant regardless of whether the Option Holder was also a Director or Officer.

**3.5 Exercise Price**

The price at which an Option Holder may purchase a Common Share upon the exercise of an Option shall be as set forth in the Option Certificate issued in respect of such Option and in any event shall not be less than the Market Price of the Common Shares as of the Award Date. Notwithstanding anything else contained herein, in no case shall the Exercise Price be less than the minimum prescribed by each of the organized trading facilities as would apply to the Award Date in question.

**3.6 Additional Terms**

Subject to all applicable Securities Laws and the rules and policies of all applicable Regulatory Authorities, the Board may attach other terms and conditions to the award of a particular Option, such terms and conditions to be referred to in a schedule attached to the Option Certificate. These terms and conditions may include, but are not necessarily limited to, providing that an Option or a portion or portions of an Option expire on a certain date, after certain periods of time or upon the occurrence of certain events other than as provided for herein, provided that no Option shall expire more than ten years after the Award Date.

**3.7 Assignment of Options**

Options may not be assigned or transferred, provided however that the Personal Representative of an Option Holder may, to the extent permitted by paragraph 4.1, exercise the Option within the Exercise Period.

**3.8 Adjustments**

If:

- (a) the Common Shares are changed into or exchanged for a different number or kind of Shares of the Corporation or securities of another corporation, whether through an arrangement, amalgamation or other similar procedure or otherwise, or a share recapitalization, subdivision or consolidation;
- (b) a dividend is declared upon the Common Shares, payable in Common Shares (other than in lieu of dividends paid in the ordinary course);
- (c) the Corporation distributes by way of a dividend, or otherwise, to all or substantially all holders of Common Shares, property, evidences of indebtedness or Shares or other securities of the Corporation (other than Common Shares) or rights, options or warrants to acquire Common Shares or securities convertible into or exchangeable for Common Shares or other securities or property of the Corporation, other than as a dividend in the ordinary course; or
- (d) there is any other change that the Board, in its sole discretion, determines equitably requires an adjustment to be made, then, subject to any required action by the shareholders of the Corporation and any necessary approval of the Regulatory Authorities, any term that the Board determines requires adjustment (including the number of Common Shares subject to each outstanding Option and the number of Common Shares that have been authorized for issuance under the Plan but as to which no Options have yet been granted or that have again become available for the purposes of the Plan, the Exercise Price of each outstanding Option, as well as any other terms that the Board determines require adjustment) shall be adjusted by the Board in the manner the Board deems appropriate and its determination shall be final, binding and conclusive. Except as the Board determines, no issuance by the Corporation of Shares of any class, or securities convertible into Shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or Exercise Price of Common Shares subject to an Option. No fractional shares shall be issued upon the exercise of an Option and accordingly, if as a result of the adjustment, an Option Holder would become entitled to a fractional Common Share, such Option Holder shall have the right to purchase only the next lowest whole number of Common Shares and no payment or other adjustment shall be made with respect to the fractional interest so disregarded.

### **3.9 Vesting**

The Board, subject to the policies of the TSX Venture Exchange, may determine and impose terms upon which an Option shall become vested and exercisable. Unless otherwise specified by the Board at the time of the Option award, and subject to such other limits as may be imposed by TSX Venture Exchange policies from time to time, all Options granted under the Plan shall vest and become exercisable in full upon grant.

Notwithstanding the foregoing, Options awarded to Consultants performing investor relations activities must vest in stages over 12 months with no more than one-quarter vesting in any three month period.

### **3.10 Personal Information Form and Monitoring of Trading**

An Option Holder who becomes a new insider of the Corporation or who is undertaking investor relations activities must file a Personal Information Form or such other documents as may be required by the Regulatory Authorities. An Option Holder who performs investor relations activities must comply with all procedures established by the Board or the Regulatory Authorities to monitor the Option Holder's trading in the securities of the Corporation.

## **ARTICLE 4 EXERCISE OF OPTION**

### **4.1 Exercise of Option**

An Option may be exercised only by the Option Holder or the Personal Representative of the Option Holder. An Option Holder or the Personal Representative of the Option Holder may exercise the vested portion or portions of an Option in whole or in part at any time or from time to time during the Exercise Period up to 5:00 p.m. local time in Toronto, Ontario on the Expiry Date by delivering to the Administrator an Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate Exercise Price of the Common Shares to be purchased pursuant to the exercise of the Option.

### **4.2 Issue of Share Certificates**

As soon as practicable following the receipt of the Exercise Notice, the Administrator shall cause to be delivered to the Option Holder a certificate for the Common Shares purchased by the Option Holder. If the number of Common Shares in respect of which the Option was exercised is less than the number of Common Shares subject to the Option Certificate surrendered, the Administrator shall forward a new Option Certificate to the Option Holder concurrently with delivery of the share certificate for the balance of the Common Shares available under the Option.

### **4.3 Condition of Issue**

The Options and the issue of Common Shares by the Corporation pursuant to the exercise of Options are subject to the terms and conditions of the Plan and compliance with the rules and policies of all applicable Regulatory Authorities with respect to the granting of such Options and the issuance and distribution of such Common Shares, and to all applicable Securities Laws. The Option Holder agrees to comply with all such laws, regulations, rules and policies and agrees to furnish to the Corporation any information, reports or undertakings required to comply with, and to fully cooperate with, the Corporation in complying with such laws, regulations, rules and policies.

### **4.4 Taxes**

The Board and the Corporation may take all such measures as they deem appropriate to ensure that the Corporation's obligations under the withholding provisions under income tax laws applicable to the Corporation and other provisions of applicable laws are satisfied with respect to the issuance of Common Shares pursuant to the Plan or the grant or exercise of Options under the Plan. Issuance of Common Shares or delivery of share certificates for Common Shares purchased pursuant to the Plan may be delayed, at the discretion of the Board, until the

Board is satisfied that the applicable requirements of income tax laws and other applicable laws have been met.

## **ARTICLE 5 ADMINISTRATION**

### **5.1 Administration**

The Plan shall be administered by the Board. The Board may make, amend and repeal at any time and from time to time such regulations not inconsistent with the Plan as it may deem necessary or advisable for the proper administration and operation of the Plan and such regulations shall form part of the Plan. The Board may delegate to the Administrator or any director, officer or employee of the Corporation such administrative duties and powers as it may see fit.

### **5.2 Interpretation**

The interpretation by the Board of any of the provisions of the Plan and any determination by it pursuant thereto shall be final and conclusive and shall not be subject to any dispute by any Option Holder. No member of the Board or any person acting pursuant to authority delegated by it hereunder shall be liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Board and each such person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Corporation.

## **ARTICLE 6 AMENDMENT, TERMINATION AND NOTICE**

### **6.1 Amendments**

The Board may, subject to the approval of any regulatory authority whose approval is required and the approval of shareholders where required by such regulatory authority, amend the Plan or any Option at any time. Without limiting the generality of the foregoing, the Board is specifically authorized to amend the terms of the Plan or any Option without obtaining the approval of shareholders in the following circumstances, subject to any limitations that may be prescribed by the policies of the TSX Venture Exchange from time to time:

- (a) amendments of a “housekeeping” nature including, but not limited to, of a clerical, grammatical or typographical nature;
- (b) to correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
- (c) a change to the vesting provisions of any Option or the Plan;
- (d) amendments to reflect any changes in requirements of any Regulatory Authority to which the Corporation is subject;
- (e) a change to the termination provisions of an Option which does not result in an extension beyond the original term of the Option;

- (f) in the case of any Option, the substitutions and/or adjustments contemplated under section 3.8 of this Plan; and
- (g) a change to the class of Eligible Persons that may participate under the Plan,

provided that, in the case of any Option, no such amendment may, without the consent of the Option Holder, materially decrease the rights or benefits accruing to such Option Holder or materially increase the obligations of such Option Holder. Notwithstanding the foregoing, shareholder approval shall be required in respect of:

- (a) any amendments to the number of Common Shares (or other securities) issuable under the Plan;
- (b) any amendment which reduces the exercise price of an option that is held by an Insider;
- (c) any amendment extending the term of an option held by an Insider beyond its original expiry date except as otherwise permitted by the Plan; and
- (d) amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the Exchange).

Where shareholder approval is sought for amendments under subsections (b) or (c) above, the votes attached to Common Shares held directly or indirectly by Insiders benefiting from the amendment will be excluded.

## **6.2 Amendment Subject to Approval**

If the amendment of an Option requires regulatory or shareholder approval, such amendment may be made prior to such approvals being given, but no such amended Options may be exercised unless and until such approvals are given.

## **6.3 Approvals**

The Plan and any amendments hereto are subject to all necessary approvals of the applicable Regulatory Authorities and shareholders.

## **6.4 Termination**

The Board may terminate the Plan at any time provided that such termination shall not alter the terms or conditions of any Option or impair any right of any Option Holder pursuant to any Option awarded prior to the date of such termination which shall continue to be governed by the provisions of the Plan.

## **6.5 Agreement**

The Corporation and every Option awarded hereunder shall be bound by and subject to the terms and conditions of the Plan. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Corporation to be bound by the terms and conditions of the Plan.

## **6.6 Notice**

Any notice or other communication contemplated under the Plan to be given by the Corporation to an Option Holder shall be given by the Corporation delivering or faxing the notice to the Option Holder at the last address for the Option Holder in the Corporation's records. Any such notice shall be deemed to have been given on the date on which it was delivered, or in the case of fax, the next business day after transmission. An Option Holder may, at any time, advise the Corporation of a change in the Option Holder's address or fax number.

**APPENDIX "A"**  
**TO THE STOCK OPTION PLAN OF**  
**CLUNY CAPITAL CORP.**

**STOCK OPTION PLAN**  
**OPTION CERTIFICATE**

This Certificate is issued pursuant to the provisions of the Cluny Capital Corp. (the "Corporation") Stock Option Plan (the "Plan") and evidences that ● is the holder (the "Option Holder") of an option (the "Option") to purchase up to ● Common shares (the "Common Shares") in the capital stock of the Corporation at a purchase price of Cdn. \$● per Common Share.

Subject to the provisions of the Plan:

- (a) the Award Date of the Option is ●;
- (b) the Fixed Expiry Date of the Option is ●; and
- (c) the Expiry Period is ●.

The vested portion or portions of the Option may be exercised at any time and from time to time from and including the Award Date through to 5:00 p.m. local time in Toronto, Ontario on the Expiry Date by delivering to the Administrator of the Plan an Exercise Notice, in the form attached, together with this Certificate and a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate of the Exercise Price of the Common Shares in respect of which the Option is being exercised.

This Certificate and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan, the terms and conditions of which the Option Holder hereby expressly agrees with the Corporation to be bound by. This Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Corporation shall prevail.

The Option is also subject to the terms and conditions contained in the schedules, if any, attached hereto. All terms not otherwise defined in this Certificate shall have the meanings given to them under the Plan.

Dated this ● day of ●.

**CLUNY CAPITAL CORP.**

Per:

\_\_\_\_\_  
Authorized Signatory

**OPTION CERTIFICATE - SCHEDULE**

The additional terms and conditions attached to the Option represented by this Option Certificate are as follows:

1. ●; and
2. ●.

**CLUNY CAPITAL CORP.**

Per:

\_\_\_\_\_  
Authorized Signatory

**APPENDIX "B"**  
**TO THE STOCK OPTION PLAN OF**  
**CLUNY CAPITAL CORP.**

**STOCK OPTION PLAN**  
**EXERCISE NOTICE**

**TO: Cluny Capital Corp. (the "Corporation")**

The undersigned hereby irrevocably gives notice, pursuant to the Corporation's Stock Option Plan (the "Plan"), of the exercise of the Option to acquire and hereby subscribes for **(cross out inapplicable item)**:

(a) all of the Common Shares; or

(b) \_\_\_\_\_ of the Common Shares;  
which are the subject of the Option Certificate attached hereto.

The undersigned tenders herewith a certified cheque or bank draft **(circle one)** payable to the Corporation in an amount equal to the aggregate Exercise Price of the aforesaid Common Shares exercised and directs the Corporation to issue the certificate evidencing said Common Shares in the name of the undersigned to be mailed to the undersigned at the following address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

By executing this Exercise Notice, the undersigned hereby confirms that the undersigned has read the Plan and agrees to be bound by the provisions of the Plan. All terms not otherwise defined in this Exercise Notice shall have the meanings given to them under the Plan or the attached Option Certificate.

DATED the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
**Signature of Option Holder**

**SCHEDULE “B”  
AUDIT COMMITTEE CHARTER OF CLUNY CAPITAL CORP.**

**CLUNY CAPITAL CORP.  
(the “Corporation”)**

**AUDIT COMMITTEE CHARTER**

**I. PURPOSE**

The primary function of the Audit Committee of the Corporation (the “**Committee**”) is to assist the Board of Directors of the Corporation (the “**Board**”) in fulfilling its oversight responsibilities by reviewing:

1. the financial information that will be provided to the shareholders and others;
2. the systems of internal controls which management and the Board have established; and
3. all audit processes.

Primary responsibility for the financial reporting, information systems, risk management and internal controls of the Corporation is vested in management and is overseen by the Board.

**II. COMPOSITION AND PROCESS**

1. The Committee shall be composed of a minimum of three directors, a majority of whom shall be independent as that term is defined in National Instrument 52-110 *Audit Committees* (“**NI 52-110**”).
2. Members shall be appointed by the Board on an annual basis, shall serve one-year terms and may serve consecutive terms, which are encouraged to ensure continuity of experience.
3. The Chair of the Committee shall be appointed by the Board for a one-year term, and may serve any number of consecutive terms.
4. All members of the Committee shall be financially literate. Financial literacy is the ability to read and understand a balance sheet, income statement and cash flow statement that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.
5. The Chair shall, in consultation with management and the external auditor and internal auditor (if any), establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to the members with sufficient time for study prior to the meeting. The external auditor will also receive notice of all meetings of the Committee. The Committee may employ a list of prepared questions and considerations as a portion of its review and assessment process.
6. The Committee shall try to meet at least four times per year and may call special meetings as required. A quorum at meetings of the Committee shall be its Chair and one of its other members. The Committee may hold its meetings, and members of the Committee may attend meetings, by telephone conference if this is deemed appropriate.

7. The minutes of the Committee meetings shall accurately record the decisions reached and shall be distributed to Committee members with copies to the Board, the President (if any), the Chief Executive Officer (if any) and the Chief Financial Officer (if any).
8. The Committee reviews, prior to their presentation to the Board and their release, all material financial information required by securities regulations.
9. The Committee enquires about potential claims, assessments and other contingent liabilities.
10. The Committee periodically reviews with management, depletion, depreciation and amortization policies, loss provisions and other accounting policies for appropriateness and consistency.
11. The Charter of the Committee shall be reviewed by the Board on a bi-annual basis or as the Board deems appropriate.

### **III. AUTHORITY**

1. The Committee is appointed by the Board pursuant to provisions of the *Business Corporations Act* (Ontario) and the bylaws of the Corporation.
2. Primary responsibility for the Corporation's financial reporting, accounting systems and internal controls is vested in senior management and is overseen by the Board. The Committee is a standing committee of the Board established to assist it in fulfilling its responsibilities in this regard. The Committee shall have responsibility for overseeing management reporting on internal controls. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Committee to ensure that management has done so.
3. In fulfilling its responsibilities, the Committee shall have unrestricted access to the Corporation's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.
4. The Committee shall have direct communication channels with the internal auditors (if any) and the external auditors to discuss and review specific issues as appropriate.
5. The Committee shall have the sole authority to retain (or terminate) advisors or consultants as it determines necessary to assist the Committee in discharging its functions hereunder. The Committee shall establish the compensation to be paid to any advisors employed by the Committee and such compensation shall be paid by the Corporation as directed by the Committee.

### **IV. RELATIONSHIP WITH EXTERNAL AUDITORS**

1. An external auditor must report directly to the Committee.
2. The Committee is directly responsible for overseeing the work of the external auditor including the resolution of disagreements between management and the external auditor regarding financial reporting.
3. The Committee shall implement structures and procedures to ensure that it meets with the external auditor on a regular basis and in any event at least once per year in the absence of management.

## V. ACCOUNTING SYSTEMS, INTERNAL CONTROLS AND PROCEDURES

1. The Committee shall obtain reasonable assurance from discussions with and/or reports from management, and reports from external auditors that accounting systems are reliable and that the prescribed internal controls are operating effectively for the Corporation and its subsidiaries and affiliates.
2. The Committee shall review to ensure to its satisfaction that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements and will periodically assess the adequacy of those procedures.
3. The Committee shall direct the external auditor's examinations to particular areas.
4. The Committee will review control weaknesses identified by the external auditors, together with management's response and review with external auditors their view of the qualifications and performance of the key financial and accounting executives.
5. In order to preserve the independence of the external auditor, the Committee will:
  - (a) recommend to the Board the external auditor to be nominated;
  - (b) recommend to the Board the compensation for the external auditors' engagement; and
  - (c) review and pre-approve any engagements for non-audit services to be provided by the external auditors or its affiliates, together with estimated fees, and consider the impact (if any) on the independence of the external auditor.
6. The Committee will review with management and with the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting.
7. The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
8. The Committee shall establish a periodic review procedure to ensure that the external auditor complies with the Canadian Public Accountability Regime under National Instrument 52-108 – **Auditor Oversight**.

## VI. STATUTORY AND REGULATORY RESPONSIBILITIES

1. Annual Financial Information: review the annual audited financial statements and related management's discussion and analysis ("**MD&A**"), including any Letter to Shareholders, and related press releases (if any) if same contains material information and recommend their approval to the Board, after discussing matters such as the selection of accounting policies (and changes thereto), major accounting judgments, accruals and estimates with management and the external auditor.
2. Annual Report: review the MD&A section and all other relevant sections of the annual report, if prepared, to ensure consistency of all financial information included in the annual report.

3. Interim Financial Statements: review the quarterly interim financial statements and related MD&A, including any Letter to Shareholders and related press releases (if any) and recommend their approval to the Board.
4. Earnings Guidance/Forecasts: review forecasted financial information and forward-looking statements.

## **VII. REPORTING**

1. The Committee will report, through the Chairperson of the Committee, to the Board following each meeting on the major discussions and decisions made by the Committee, and report annually to the Board on the Committee's responsibilities and how it has discharged them.
2. The Committee will review and reassess this Audit Committee Charter annually and recommend any proposed amendments to the Board.

## **VIII. OTHER RESPONSIBILITIES**

1. Investigating fraud, illegal acts or conflicts of interest.
2. Discussing selected issues with corporate counsel or the outside auditor or management.

