

KAPA CAPITAL INC.
2475 Queens Avenue
West Vancouver, BC, V7V 2Y9

INFORMATION CIRCULAR
as of January 26, 2021 (unless otherwise noted)

MANAGEMENT SOLICITATION OF PROXIES

This Information Circular is furnished to you in connection with the solicitation of proxies by management of KAPA Capital Inc. (“we”, “us”, the “Company” or “KAPA”) for use at the annual general and special meeting (the “Meeting”) of the shareholders of the Company to be held on Tuesday, March 2, 2021 at 10:00 a.m. (Pacific time) at Suite 400 – 725 Granville Street, Vancouver, V7Y 1G5 or at any adjournment(s) or postponement(s) of the Meeting. The Company will conduct its solicitation by mail and our officers, directors and employees may, without receiving special compensation, contact shareholders by telephone, electronic means or other personal contact. We will not specifically engage employees or soliciting agents to solicit proxies. We do not reimburse shareholders, nominees or agents (including brokers holding common shares in the capital of the Company (each a “Share”) on behalf of clients) for their costs of obtaining authorization from their principals to sign forms of proxy. We will pay the expenses of this solicitation.

Due to the COVID-19 Pandemic and given the restrictions on public gatherings and in the best interest of the health of all participants in the Company’s Meeting, the Company respectfully asks that all shareholders do not attend the Meeting in person. The Company requests that shareholders who wish to participate by listening to the Meeting, contact the Company by 5:00 p.m. (Pacific time) on Friday, February 26, 2021 at kapacapital@shaw.ca to be included in the telephone conference for the Meeting. The Company will arrange for telephone participation for all shareholders who have requested it by 5:00 p.m. (Pacific time) on Friday, February 26, 2021. However, the Company strongly recommends that shareholders vote by proxy or VIF in advance to ease the voting tabulation at the Meeting by Computershare Investor Services Inc. If public health guidelines regarding physical distancing in British Columbia have changed by the Meeting date of March 2, 2021, the Company will issue a news release advising of permitted Meeting attendance in accordance with such updated guidelines.

APPOINTMENT OF PROXY HOLDER

The persons named as proxy holders in the enclosed form of proxy are the Company’s directors or officers. **As a shareholder, you have the right to appoint a person (who need not be a shareholder) in place of the persons designated in the form of proxy to attend and act on your behalf at the Meeting. To exercise this right, you must either insert the name of your representative in the blank space provided in the form of proxy and strike out the other names or complete and deliver another appropriate form of proxy.**

A proxy will not be valid unless it is dated and signed by you or your attorney duly authorized in writing or, if you are a corporation, by an authorized director, officer, or attorney of the corporation.

VOTING BY PROXY

The persons named in the accompanying form of proxy will vote or withhold from voting the Shares represented by the proxy in accordance with your instructions, provided your

instructions are clear. If you have specified a choice on any matter to be acted on at the Meeting, your Shares will be voted or withheld from voting accordingly. If you do not specify a choice or where you specify both choices for any matter to be acted on, your Shares will be voted in favour of all matters.

The enclosed form of proxy gives the persons named as proxy holders discretionary authority regarding amendments or variations to matters identified in the Notice of Meeting and any other matter that may properly come before the Meeting. As of the date of this Information Circular, our management is not aware of any such amendment, variation or other matter proposed or likely to come before the Meeting. However, if any amendment, variation or other matter properly comes before the Meeting, the persons named in the form of proxy intend to vote on such other business in accordance with their judgement.

You may indicate the manner in which the persons named in the enclosed proxy are to vote on any matter by marking an "X" in the appropriate space. If you wish to give the persons named in the proxy a discretionary authority on any matter described in the proxy, then you should leave the space blank. **In that case, the proxy holders nominated by management will vote the Shares represented by your proxy in accordance with their judgment.**

RETURN OF PROXY

You must deliver the completed form of proxy to: (a) to the office of the Company's registrar and transfer agent, Computershare Investor Services Inc., Proxy Dept., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or by facsimile to 1-866-249-7775 (within North America) or (416) 263-9524 (outside North America) (the "**Transfer Agent**"); or (b) by facsimile, hand or by mail or to the Company's head office at the address listed on the cover page of this Information Circular; in each case, not less than 48 hours (excluding Saturdays, Sundays, and holidays) before the scheduled time of the Meeting or any adjournment(s) or postponement(s) thereof.

ADVICE TO NON-REGISTERED SHAREHOLDERS

Only shareholders whose names appear on our records or validly appointed proxy holders are permitted to vote at the Meeting. Most of our shareholders are "non-registered" shareholders because their Shares are registered in the name of a nominee, such as a brokerage firm, bank, trust company, trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan or a clearing agency such as CDS Clearing and Depository Services Inc. (a "**Nominee**"). If you purchased your Shares through a broker, you are likely a non-registered shareholder.

Non-registered shareholders who have not objected to their Nominee disclosing certain ownership information about themselves to us are referred to as "NOBOs". Those non-registered shareholders who have objected to their Nominee disclosing ownership information about themselves to us are referred to as "OBOs".

In accordance with the securities regulatory policy, we will have distributed copies of the Notice of Meeting, this Information Circular, and the form of proxy (collectively, the "**Meeting Materials**") directly to NOBOs and to the Nominees for onward distribution to OBOs. The Company is not sending proxy-related materials to registered holders or beneficial owners using notice-and-access. **The Company does not intend to pay for a Nominee to deliver to OBOs, therefore an OBO will not receive the materials unless the OBO's Nominee assumes the costs of delivery.**

Nominees are required to forward the Meeting Materials to each OBO unless the OBO has waived the right to receive them. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered shareholder. Meeting Materials sent to non-registered shareholders who have not waived the right to receive Meeting Materials are accompanied by a request for voting instructions (a “VIF”). This form is instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a non-registered shareholder is able to instruct the registered shareholder (or Nominee) how to vote on behalf of the non-registered shareholder. VIF’s, whether provided by the Company or by a Nominee, should be completed and returned in accordance with the specific instructions noted in the VIF.

In either case, the purpose of this procedure is to permit non-registered shareholders to direct the voting of the Shares which they beneficially own. **Should a non-registered shareholder who receives a VIF wish to attend the Meeting or have someone else attend on his/her behalf, the non-registered shareholder may request (in writing) to the Company or its Nominee, as applicable, without expense to the non-registered shareholder, that the non-registered shareholder or his/her nominee be appointed as proxyholder and have the right to attend and vote at the Meeting.** Non-registered shareholders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.

REVOCAION OF PROXY

If you are a registered shareholder who has returned a proxy, you may revoke your proxy at any time before it is exercised. In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by either:

- (a) signing a proxy bearing a later date; or
- (b) signing a written notice of revocation in the same manner as the form of proxy is required to be signed as set out in the notes to the proxy.

The later proxy or the notice of revocation must be delivered to the office of the Transfer Agent or to the Company’s head office at any time up to and including the last business day before the scheduled time of the Meeting or any adjournment(s) or postponement(s) thereof, or to the Chairman of the Meeting on the day of the Meeting or any adjournment(s) or postponement(s) thereof.

If you are a non-registered shareholder who wishes to revoke a VIF or to revoke a waiver of your right to receive Meeting Materials and to give voting instructions, you must give written instructions to your Nominee at least seven days before the Meeting.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

None of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the adoption of the Company’s stock option plan (the “**Stock Option Plan**”), approval of which will be sought at the Meeting. Directors and executive officers of the Company may participate in the Stock Option Plan, and accordingly have an interest in its approval. See “Particulars of Matters to be Acted Upon”.

VOTING SHARES AND PRINCIPAL SHAREHOLDERS

The Company is authorized to issue an unlimited number of Shares without par value, of which 5,113,271 Shares are issued and outstanding as of January 26, 2021. There is only one class of shares.

Persons who are registered shareholders at the close of business on January 26, 2021 will be entitled to receive notice of, attend, and vote at the Meeting. On a show of hands, every shareholder and proxy holder will have one vote and, on a poll, every shareholder present in person or represented by proxy will have one vote for each share. In order to approve a motion proposed at the Meeting, a majority of at least 50% plus one vote of the votes cast will be required to pass an ordinary resolution, and a majority of at least 2/3 of the votes cast will be required to pass a special resolution.

Principal Holders of Common Shares

To the knowledge of our directors and executive officers, other than set out below, there are no persons or companies that beneficially own, directly or indirectly, or exercise control or direction over, Shares carrying more than 10% of all voting rights as of January 26, 2021.

Name of Shareholder	Number of Shares Beneficially Owned, Directly or Indirectly, or over which Control or Direction is Exercised	Percentage of Class
Charalambos (Harry) Katevatis	1,100,001	21.51%
Neon Rainbow Holdings Ltd.	800,000 ⁽¹⁾	15.65%

Notes:

(1) Neon Rainbow Holdings Ltd. is a private company controlled by Mr. Williams, a director of the Company.

ELECTION OF DIRECTORS

Directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until that person sooner ceases to be a director. The shareholders will be asked to pass an ordinary resolution to set the number of directors of the Company at three (3) for the next year, subject to any increases permitted by the Company's articles of incorporation.

Unless you provide other instructions, the enclosed proxy will be voted for the nominees listed below. Management does not expect that any of the nominees will be unable to serve as a director. If before the Meeting any vacancies occur in the slate of nominees listed below, the person named in the proxy will exercise his or her discretionary authority to vote the Shares represented by the proxy for the election of any other person or persons as directors.

Management proposes to nominate the persons named in the table below for election as director. The information concerning the proposed nominees has been furnished by each of them:

Name, Province or State and Country of Residence and Present Office Held	Periods Served as Director	Number of Shares Beneficially Owned, Directly or Indirectly, or over which Control or Direction is Exercised ⁽¹⁾	Principal Occupation and, if Not Previously Elected, Principal Occupation during the Past Five Years
Charalambos (Harry) Katevatis^{(2) (3)} British Columbia, Canada President, Chief Executive Officer and Director	Since January 29, 2018	1,100,001	President of Lakithra Management Corp. since September 2003 to present; President, CEO and director of Universal mCloud Corp. (formerly Universal Ventures Inc.) from January 2011 to October 2017; President, CEO and director of ArcPacific Resources Corp. (formerly Plate Resources Inc.) from February 2011 to July 2016.
Vivian Katsuris⁽²⁾ British Columbia, Canada Chief Financial Officer, Corporate Secretary and Director	Since January 29, 2018	100,000 ⁽⁴⁾	President of Vivkor Holdings Inc. since August 2014, a private company providing corporate development, management and consulting services; self-employed providing corporate services; Investment advisor of Global Securities Corp. from April 2003 to December 2013.
Alan Williams⁽²⁾ British Columbia, Canada Director	Since January 29, 2018	800,000 ⁽⁵⁾	Director of Greatbanks Resources Ltd. (formerly Invenio Resources Corp.) from July 2003 to present; director of Maritime Resources Corp. from 2007 to present; director of True Grit Resources Ltd. from January 2012 to present; and director of Goldrush Resources Ltd. from October 2003 to present.

Notes:

- (1) As at January 26, 2021.
- (2) Member of the Audit Committee.
- (3) Chair of the Audit Committee.
- (4) These shares are registered in the name of Vivkor Holdings Inc., a private company controlled by Ms. Katsuris.
- (5) These shares are registered in the name of Neon Rainbow Holdings Ltd., a private company controlled by Mr. Williams.

No proposed director of the Company is or has been, within the past 10 years, a director, chief executive officer or chief financial officer of any company that, while the person was acting in that capacity:

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of the above, “order” means (a) a cease trade order; (b) an order similar to a cease trade order; or (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

No proposed director of the Company has, within the past 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

To the knowledge of the Company, no nominee for director of the Company has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

No proposed director of the Company is or has been, within the past 10 years, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, become 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.

EXECUTIVE COMPENSATION

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

The following persons are considered the “**Named Executive Officers**” or “**NEOs**” for the purposes of this disclosure:

- (a) the Company’s chief executive officer (“**CEO**”);
- (b) the Company’s chief financial officer (“**CFO**”);
- (c) each of the Company’s most highly compensated executive officers, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V, for the April 30, 2020 year end; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact the individual was neither an executive officer, nor acting in a similar capacity at April 30, 2020.

Director and Named Executive Officer Compensation, excluding Compensation Securities

The following table provides a summary of compensation paid or accrued, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company or its subsidiaries to each Named Executive Officer and director of the Company during the Company’s two most recent financial years ended April 30, 2020 and April 30, 2019.

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites ⁽¹⁾ (\$)	Value of all other compensation (\$)	Total compensation (\$)
Charalambos (Harry) Katevatis, President, CEO and Director	2020	Nil	Nil	N/A	N/A	N/A	Nil
	2019	Nil	Nil	N/A	N/A	N/A	Nil
Vivian Katsuris, CFO, Corporate Secretary and Director	2020	Nil	Nil	N/A	N/A	N/A	Nil
	2019	Nil	Nil	N/A	N/A	N/A	Nil
Alan Williams, Director	2020	Nil	Nil	N/A	N/A	N/A	Nil
	2019	Nil	Nil	N/A	N/A	N/A	Nil

Notes:

(1) The value of perquisites and benefits, if any, was less than \$15,000.

Stock Options and Other Compensation Securities

The following table discloses all compensation securities granted or issued during the most recently completed financial year ended April 30, 2020 to each Named Executive Officer and director for services provided or to be provided, directly or indirectly, to the Company or its subsidiaries.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class ^{(1) (2)}	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
Charalambos (Harry) Katevatis, President, CEO and Director	Stock Option	200,000	September 24, 2018	0.10	0.10	0.20	September 24, 2023
Vivian Katsuris, CFO, Corporate Secretary and Director	Stock Option	100,000	September 24, 2018	0.10	0.10	0.20	September 24, 2023
Alan Williams, Director	Stock Option	200,000	September 24, 2018	0.10	0.10	0.20	September 24, 2023

Notes:

(1) All stock options are fully vested. One common share is issuable on the exercise of each stock option.

- (2) The options reflected in the table above comprise the total options held by the Named Executive Officers and directors of the Company on the last day of the most recently completed year-end.

Exercise of Compensation Securities by Directors and NEOs

During the financial year ended April 30, 2020, none of the Named Executive Officers or directors exercised any stock options.

For information about the material terms of the Company's stock option plan, please refer to the heading "*Particulars of Matters to be Acted On – Shareholder Approval of Stock Option Plan*".

Employment, Consulting and Management Agreements

The Company is presently a Capital Pool Company (CPC) under the policies of the TSX Venture Exchange ("**Exchange**") and is not permitted to pay salaries or consulting fees until completion of the Company's Qualifying Transaction, so accordingly the Company does not have any such agreements in place.

Oversight and Description of Director and Named Executive Officer Compensation

Director compensation

The Board determines director compensation from time to time. Directors are not generally compensated in their capacities as such but the Company may, from time to time, grant to its directors incentive stock options to purchase common shares in the capital of the Company pursuant to the terms of the Stock Option Plan and in accordance with the policies of the Exchange.

Named Executive Officer Compensation

The Board determines executive compensation from time to time. The Company, as a CPC, is limited by the policies of the Exchange and is not permitted to pay cash compensation until the Company completes its Qualifying Transaction. The Named Executive Officers were granted incentive stock options to purchase common shares in the capital of the Company pursuant to the terms of the Stock Option Plan and in accordance with the policies of the Exchange.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company has an incentive stock option plan under which stock options are granted. Stock options have been determined by the Company's directors and are only granted in compliance with applicable laws and regulatory policy. The policies of the Exchange limit the granting of stock options to employees, officers, directors and consultants of the Company and provide limits on the length of term, number and exercise price of such options. The Exchange also requires annual approval of stock option plans by shareholders.

The following table sets out equity compensation plan information as at the financial year ended April 30, 2020.

Plan Category	Number of securities to be issued upon exercise of outstanding options⁽¹⁾ (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))⁽²⁾ (c)
Equity compensation plans approved by securityholders	Nil	Nil	Nil
Equity compensation plans not approved by securityholders ⁽³⁾	500,000	\$0.10	500,000
Total	500,000	\$0.10	500,000

Notes:

(1) Assuming outstanding options are fully vested.

(2) Excluding the number of Shares issuable on exercise of the outstanding options shown in the second column.

(3) This is the Company's first annual general meeting since its incorporation and under Exchange policy is required to seek shareholder approval of its stock option plan at this meeting.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of our directors or executive officers, proposed nominees for election as directors, or associates of any of them, is or has been indebted to the Company or our subsidiaries at any time since the beginning of the most recently completed financial year and no indebtedness remains outstanding as at the date of this Information Circular.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of the Company, no proposed nominee for election as a director of the Company, and no associate or affiliate of any of these persons, has any material interest, direct or indirect, in any transaction since the commencement of our last financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company or any of our subsidiaries, other than as disclosed under the heading "Particulars of Matters to be Acted On".

An "informed person" means:

- (a) a director or executive officer of the Company;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;
- (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company other than voting securities held by the person or company as underwriter in the course of a distribution; and
- (d) the Company if it has purchased, redeemed or otherwise acquired any of its securities, so long as it holds any of its securities.

AUDIT COMMITTEE

Under this heading, the Company is including the disclosure required by Form 52-110F2 – *Disclosure by Venture Issuers of National Instrument 52-110 Audit Committees* (“NI 52-110”).

Audit Committee Charter

The Audit Committee Charter was adopted by the Company’s Audit Committee and the board of directors. The full text of the Company’s Audit Committee Charter is attached as Appendix “A”.

Composition of the Audit Committee

As of the date of this Information Circular, the following are members of the Audit Committee:

Name of Member	Independent ⁽¹⁾	Financially Literate ⁽¹⁾
Charalambos (Harry) Katevatis ⁽²⁾⁽³⁾	No	Yes
Vivian Katsuris ⁽⁴⁾	No	Yes
Alan Williams	Yes	Yes

Notes:

- (1) As that term is defined in NI 52-110.
- (2) Chair of the Audit Committee.
- (3) Charalambos (Harry) Katevatis is not independent as he is the Chief Executive Officer and President of the Company.
- (4) Vivian Katsuris is not independent as he is the Chief Financial Officer and Corporate Secretary of the Company.

Relevant Education and Experience of Audit Committee Members

The education and experience of each member of the Audit Committee relevant to the performance of his or her responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

1. an understanding of the accounting principles used by the Company to prepare its financial statements;
2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more persons engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting, are as set out in the Company’s prospectus dated July 26, 2018, which set out background information for each person.

Audit Committee Oversight

Since the commencement of the Company’s most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the board of directors.

Reliance on Exemptions in NI 52-110 regarding De Minimis Non-audit Services or on a Regulatory Order Generally

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 (which exempts all non-audit services provided by the Company's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Company, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit), the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*), the exemption in subsection 6.1.1(5) (*Events Outside of 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 by a securities regulator under Part 8 (*Exemptions*) of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees (By Category)

The following table discloses the fees billed to the Company by its external auditor during the last two financial years (for which financial statements have been prepared):

Financial Ending	Year	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
April 30, 2020		\$5,000	Nil	Nil	Nil
April 30, 2019		\$5,000	Nil	Nil	Nil

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit and if applicable, quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. These fees relate to preparing and filing the Company's Canadian tax return and related schedules.
- (4) "All Other Fees" includes all other non-audit services.

Reliance on Exemptions in NI 52-110 regarding Audit Committee Composition & Reporting Obligations

Since the Company is a venture issuer, it relies on the exemption contained in section 6.1 of NI 52-110 from the requirements of Part 3 Composition of the Audit Committee (as described in 'Composition of the Audit Committee' above) and Part 5 Reporting Obligations of NI 52-110 (which requires certain prescribed disclosure about the Audit Committee in this Information Circular).

CORPORATE GOVERNANCE

National Instrument 58-101 *Disclosure of Corporate Governance Practices* requires the Company to annually disclose certain information regarding its corporate governance practices. Under this heading, the Company is providing the disclosure required by Form 58-101F2.

Board of Directors

The board of directors has responsibility for the stewardship of the Company including responsibility for strategic planning, identification of the principal risks of the Company's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Company's internal control and management information systems.

The board of directors sets long term goals and objectives for the Company and formulates the plans and strategies necessary to achieve those objectives and to supervise senior management in their implementation. The board delegates the responsibility for managing the day-to-day affairs of the Company to senior management but retains a supervisory role in respect of, and ultimate responsibility for, all matters relating to the Company and its business. The board is responsible for protecting shareholders' interests and ensuring that the incentives of the shareholders and of management are aligned.

As part of its ongoing review of business operations, the board of directors reviews, as frequently as required, the principal risks inherent in the Company's business including financial risks, through periodic reports from management of such risks, and assesses the systems established to manage those risks. Directly and through the Audit Committee, the board also assesses the integrity of internal control over financial reporting and management information systems.

In addition to those matters that must, by law, be approved by the board of directors, the board is required to approve any material dispositions, acquisitions and investments outside the ordinary course of business, long-term strategy, and organizational development plans. Management of the Company is authorized to act without board approval, on all ordinary course matters relating to the Company's business.

The board of directors also monitors the Company's compliance with timely disclosure obligations and reviews material disclosure documents prior to distribution. The board is responsible for selecting the President and appointing senior management and for monitoring their performance.

The board of directors considers that the following director is "independent" in that they are independent and free from any interest and any business or other relationship which could or could reasonably be perceived to, materially interfere with the director's ability to act with the best interests of the Company, other than interests and relationships arising from shareholding: Alan Williams. The board considers that Charalambos (Harry) Katevatis, the President and CEO of the Company, and Vivian Katsuris, the CFO of the Company are not independent because they are members of management.

Directorships

Certain of the directors are presently a director of one or more other reporting issuers (or equivalent) in a Canadian or foreign jurisdiction, as follows:

Name of Director	Other reporting issuer (or equivalent in a foreign jurisdiction)
Charalambos (Harry) Katevatis	Zenith Capital Corporation
Vivian Katsuris	Zenith Capital Corporation ACME Lithium Inc.
Alan Williams	XORTX Therapeutics Inc. (formerly APAC Resources Inc.) Goldrush Resources Ltd.

Orientation and Continuing Education

When new directors are appointed to the board of directors, they receive orientation, commensurate with their previous experience, on the Company's properties, business, technology and industry and on the responsibilities of directors. Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business. Individual directors are responsible for maintaining their own education, skills and knowledge at an appropriate level. Board members are encouraged to attend educational courses or presentations in relation to the Company's projects or the industry within which the Company operates.

Ethical Business Conduct

The board of directors relies on the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law to ensure the board operates independently of management and in the best interests of the Company. The board has found that these, combined with the conflict of interest provisions of the *Business Corporations Act* (British Columbia) ("**BCBCA**"), as well as the relevant securities regulatory instruments, ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

Nomination of Directors

The Board performs the functions of a nominating committee with respect to appointment of directors. The Board believes that this is a practical approach at this stage of the Company's development. While there are not specific criteria for board membership, the Company attempts to attract and maintain directors with business knowledge, which assists in guiding management of the Company.

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders. The Board takes into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

Compensation

The Board is responsible for determining all forms of compensation, including long-term incentive in the form of stock options. As a CPC, the Company is limited by Exchange policy as it relates to compensation of its executives.

Other Board Committees

The board of directors has no other committees other than the Audit Committee.

Assessments

The Board annually reviews its own performance and effectiveness as well as reviews the Audit Committee Charter and recommends revisions as necessary. Neither the Company nor the Board has adopted formal procedures to regularly assess the Board, the Audit Committee or the individual directors as to their effectiveness and contribution. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of individual directors are informally monitored by the other Board members, bearing in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and its committees.

The Board believes its corporate governance practices are appropriate and effective for the Company, given its size and operations. The Company's corporate governance practice allows the Company to operate efficiently, with checks and balances that control and monitor management and corporate functions without excessive administrative burden.

APPOINTMENT OF AUDITOR

Shareholders will be requested to appoint Saturna Group Chartered Accountants LLP, of Vancouver, British Columbia as auditors of the Company to hold office until the next annual meeting of shareholders and to authorize the directors of the Company to fix their remuneration.

Unless otherwise instructed, the proxies solicited by management will be voted for the appointment of Saturna Group Chartered Accountants LLP, as the Company's auditor.

MANAGEMENT CONTRACTS

The management functions of the Company are not to any substantial degree performed by any person other than the executive officers and directors of the Company.

PARTICULARS OF MATTERS TO BE ACTED ON

Changes to TSXV CPC Policy

Introduction

The Exchange announced on December 1, 2020 that it was implementing an amended and restated Policy 2.4 relating to Capital Pool Companies (the "**New Policy**") to take effect on January 1, 2021, subject to regulatory approval. The New Policy replaces the existing Policy dated June 24, 2010 (the "**Old Policy**"). A summary of the policy changes can be found here: <https://www.tsx.com/resource/en/2466>.

Amongst the changes are a number of new policies that the Company would like to implement but that require disinterested shareholder approval. The Company wishes to put forward the following resolutions for approval by **disinterested** shareholders (in relation to each matter) at the meeting.

Requirement to move to NEX and cancel Seed Shares after 24 months

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, to pass an ordinary resolution in the form set forth below of disinterested shareholders removing the applicability of section 14.13 of the Old Policy to reflect the New Policy, thereby removing the requirement of the Company to complete a Qualifying Transaction within 24 months of its date of listing on the Exchange (the “**Listing Date**”), and removing the associated consequences of not completing such requirement (the “**24 Month Resolution**”).

Under the Old Policy, if the Company fails to complete a Qualifying Transaction within 24 months of its Listing Date, it faces the consequences of either (i) having Common Shares delisted or suspended from the Exchange, (ii) or, subject to the approval of the majority of shareholders, transferring the Common Shares to list on the NEX and cancelling certain seed Common Shares. The New Policy eliminates the requirement for a Capital Pool Company, such as the Company, to complete a Qualifying Transaction within 24 months of the Listing Date and eliminates the associated consequences of not completing such requirement. The Company believes that the removal of the requirement to complete a Qualifying Transaction within 24 months of Listing Date, and the associated consequences of not completing such requirement, as exists under the Old Policy, will put the Company in a better position to complete a Qualifying Transaction that will be beneficial to the shareholders, the Company and the resulting issuer, by allowing increased flexibility to complete such a transaction. Further, this change will allow the Company to better withstand any potential volatility in the capital markets which was clearly evident in 2020 with the COVID-19 pandemic.

The 24 Month Resolution requires the affirmative vote of not less than a majority of the votes cast by disinterested shareholders who vote in respect thereof, in person or by proxy, at the Meeting (“**Disinterested Approval**”). The following directors and officers, who in aggregate, hold or control, directly or indirectly, 2,000,001 Common shares, will be excluded from the vote: Charalambos (Harry) Katevatis, Vivian Katsuris and Alan Williams.

The Board recommends the adoption of the 24 Month Resolution. **Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the Common Shares represented by such form of proxy, properly executed, FOR the 24 Month Resolution.**

The text of the 24 Month Resolution to be submitted to disinterested shareholders at the Meeting is set forth below:

“BE IT RESOLVED THAT:

- 1. subject to the approval of the Exchange, the removal of the potential consequences of the Company failing to complete a Qualifying Transaction within 24 months after the date of listing of the Common Shares on the Exchange under the Old Policy in accordance with the New Policy, is hereby authorized, confirmed and approved; and*
- 2. any director or officer of the Company, is hereby authorized and directed, for and in the name of and on behalf of the Company, to do all such acts and things and to execute, or cause to be executed, under the corporate seal of the Company or otherwise, and to deliver, or cause to be delivered, such other agreements, certificates, documents and instruments, as may in the opinion of such director or officer of the Company be necessary or advisable to carry out and to fulfill the intent of the foregoing resolution.”*

Amendment to CPC Escrow Agreement

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, to pass an ordinary resolution of disinterested shareholders in the form set out below (the “**Amended Escrow Agreement Resolution**”), allowing the Company to make certain amendments to the Company’s escrow agreement dated July 26, 2018 (the “**Escrow Agreement**”) to reflect the New Policy.

The Escrow Agreement was initially entered into under the Old Policy and in the form of escrow agreement published by the Exchange as at June 14, 2010. The current Escrow Agreement imposes restrictive escrow conditions on the securities held by directors, officers and the holders of seed shares acquired prior to the completion of the Company’s initial public offering (“**IPO**”). For the Company, such securities are subject to restrictions on transfer until the completion of a Qualifying Transaction, after which such securities begin to be released over a 36 month period. Under the New Policy and the new CPC Form of Escrow Agreement effective as at January 1, 2021, the Company’s escrowed securities will be subject to only an 18 month escrow release schedule, whereby 25% of the escrowed securities will be released from escrow on the date the Exchange issues a final bulletin for the Company’s Qualifying Transaction, and 25% of the escrowed securities will be released from escrow on each of the 6, 12 and 18 months following such date.

In addition, the Company wishes to amend the Escrow Agreement as follows to also reflect the New Policy: (i) all options granted prior to the date the Exchange issues a final bulletin for the Company’s Qualifying Transaction and all Common Shares that were issued upon exercise of such options prior to such date will be released from escrow on such date, other than options that (a) were granted prior to the Company’s IPO with an exercise price that is less than the issue price of the Common Shares issued in the IPO and (b) any Common Shares that were issued pursuant to the exercise of such options, which will be released from escrow in accordance with the schedule set out above.

The Amended Escrow Agreement Resolution requires Disinterested Approval. All parties to the Escrow Agreement, who in aggregate, hold or control, directly or indirectly, 2,000,001 Common Shares, including the following directors and officers the Company, will be excluded from the vote: Charalambos (Harry) Katevatis, Vivian Katsuris and Alan Williams.

If the Amended Escrow Agreement Resolution receives Disinterested Approval, the Company will work with the escrow agent to finalize the amendments and a new Escrow Agreement will replace the current Escrow Agreement, and this new Escrow Agreement will be filed on SEDAR. If not approved, the current Escrow Agreement will continue in full force and effect.

The Board recommends the adoption of the Amended Escrow Agreement Resolution. **Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the Common Shares represented by such form of proxy, properly executed, FOR the Amended Escrow Agreement Resolution.**

The text of the Amended Escrow Agreement Resolution to be submitted to disinterested shareholders at the Meeting is set forth below:

“BE IT RESOLVED THAT:

1. *subject to the approval of the Exchange, the Company is authorized and approved to amend the Escrow Agreement to make the changes as are deemed necessary for the Escrow Agreement to reflect the New Policy, including the changes to the escrow release schedule contained in the New Policy; and*
2. *any director or officer of the Company, is hereby authorized and directed, for and in the name of and on behalf of the Company, to do all such acts and things and to execute, or cause to be executed, under the corporate seal of the Company or otherwise, and to deliver, or cause to be delivered, such other agreements, certificates, documents and instruments, as may in the opinion of such director or officer of the Company be necessary or advisable to carry out and to fulfill the intent of the foregoing resolution.”*

Shareholder Approval of Incentive Stock Option Plan

The only equity compensation plan which the Company currently has in place is the 2018 stock option plan (the “**2018 Plan**”) which was approved by the directors of the Company. The 2018 Plan was established to provide incentive to employees, officers, directors and consultants who provide services to the Company. While the Company is a CPC, the 2018 Plan had a limit of 500,000 stock options. Exchange policy requires that all companies listed on the Exchange adopt a stock option plan if a company wishes to grant stock options and that all stock option plans that reserve a maximum of 10% of the issued and outstanding share capital of the Company at the time of grant (called a “rolling plan” under Exchange policies), must be approved and ratified by shareholders on an annual basis in accordance with Policy 4.4 of the Exchange (“**Policy 4.4**”).

Management seeks shareholder approval for renewal of the 2018 Plan, as the Company’s 2021 stock option plan (the “**2021 Plan**”) in accordance with and subject to the rules and policies of the Exchange. The intention of management in proposing the 2021 Plan is to increase the proprietary interest and incentive of employees, officers, directors and consultants in the Company and thereby aid the Company in attracting, retaining and encouraging the continued involvement of such persons with the Company. It is proposed that under the 2021 Plan, the total number of common shares that may be reserved for issuance will be 10% of the issued and outstanding common shares of the Company at the time of grant, less any common shares reserved for issuance pursuant to the grant of stock options under any other share compensation arrangements. The 2021 Plan complies with the current policies of the Exchange, and all capitalized terms below that are not defined in this Information Circular, have the meanings given to them in Policy 4.4. The 2021 Plan is subject to approval by the Exchange.

Terms of the 2021 Plan

A full copy of the 2021 Plan will be available at the Meeting for review by shareholders. Shareholders may also obtain copies of the 2021 Plan from the Company prior to the meeting on written request. The following is a summary of the material terms of 2021 Plan:

1. The options are non-assignable and non-transferable (except that the Optionee’s heirs or administrators can exercise any portion of the outstanding option, up to one year from the Optionee’s death).
2. The number of shares subject to each option is determined by the Board of Directors provided that the 2021 Plan, together with all other previously established or proposed share compensation arrangements may not, during any 12 month period, result in:

- (a) the number of options granted to any one Person exceeding 5% of the issued shares of the Company; or
 - (b) the number of options granted to any one Consultant exceeding 2% of the issued shares of the Company; or
 - (c) the number of options granted to all Persons retained to provide Investor Relations Activities of a number shares exceeding 2% of the issued shares of the Company.
3. The exercise price of an option may not be set at less than Discounted Market Price.
4. The options may be exercisable for a period of up to 5 years, (subject to extension where the expiry date falls within a “blackout period”).
5. Disinterested shareholder approval will be obtained for any reduction in the exercise price if the Optionee is an Insider of the Company at the time of the proposed amendment.
6. For stock options granted to Employees, Consultants or Management Company Employees, the Company and the Optionee are responsible for ensuring and confirming that the Optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be.
7. Any options granted to any Optionee who is a Director, Employee, Consultant or Management Company Employee must expire within a reasonable period following the date the Optionee ceases to be in that role (in general, the Exchange considers anything not exceeding 12 months to be a reasonable period for these purposes).

Shareholders will be asked to pass the following, ordinary resolution, approving the Company’s 2021 Plan:

“IT IS RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. The Company adopt a 2021 Stock Option Plan (the “**Plan**”), including the reserving for issuance under the Plan at any time of a maximum of 10% of the issued common shares of the Company;
2. The Board of Directors be authorized on behalf of the Company to make any further amendments to the Plan as may be required by regulatory authorities, without further approval of the shareholders of the Company, in order to ensure adoption of the Plan;
3. The Company file the Plan with the TSX Venture Exchange for acceptance; and
4. Any one director or officer of the Company is authorized and directed to do all such acts and things and to execute and deliver all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution.”

Recommendation of the Company’s Directors

The directors have reviewed and considered all facts respecting the approval of the 2019 Plan. The Company’s directors unanimously recommend that the shareholders vote in favour of ratifying and approving the 2021 Plan.

An ordinary resolution requires the approval of a simple majority (50% + one vote) of the votes cast at the Meeting, in person or by proxy. **It is the intention of the persons named in the accompanying Proxy, if not expressly directed to the contrary in such Proxy, to vote such proxies FOR the ordinary resolution authorizing the approval of the 2021 Plan.**

ADDITIONAL INFORMATION

Additional information about the Company is located on SEDAR at www.sedar.com. Financial information is provided in the Company's comparative financial statements and Management's Discussion and Analysis for its most recently completed financial year April 30, 2020. Shareholders may contact the Company to request copies of the financial statements and Management's Discussion and Analysis by writing to the Chief Financial Officer, Vivian Katsuris at the address below or by e-mail at kapacapital@shaw.ca.

KAPA CAPITAL INC.
2475 Queens Avenue,
West Vancouver, BC, V7V 2Y9

OTHER MATERIAL FACTS

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the Shares represented by the proxy solicited hereby will be voted on such matter in accordance with the best judgment of the persons voting by proxy.

DATED at Vancouver, British Columbia, on the 26th day of January, 2021.

BY ORDER OF THE BOARD

KAPA CAPITAL INC.

(signed) "*Charalambos (Harry) Katevatis*"

Charalambos (Harry) Katevatis
President, Chief Executive Officer and Director

Schedule "A"
Audit Committee Charter

MANDATE

The Audit Committee (the "Committee") of the Board of Directors (the "Board") of KAPA Capital Inc. (the "Company") shall assist the Board in fulfilling its financial oversight responsibilities. The Committee's primary duties and responsibilities under this mandate are to serve as an independent and objective party to monitor:

1. The quality and integrity of the Company's financial statements and other financial information;
2. The compliance of such statements and information with legal and regulatory requirement;
3. The qualifications and independence of the Company's independent external auditor (the "Auditor"); and
4. The performance of the Company's internal accounting procedures and Auditor.

I. STRUCTURE AND OPERATIONS

A. Composition

The Committee shall be comprised of three or more members.

B. Qualifications

Each member of the Committee must be a member of the Board.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement.

C. Appointment and Removal

In accordance with the Articles of the Company, the members of the Committee shall be appointed by the Board and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a majority vote of the Board.

D. Chair

Unless the Board shall select a Chair, the members of the Committee shall designate a Chair by the majority vote of all of the members of the Committee. The Chair shall call, set the agendas for and chair all meetings of the Committee.

E. Meetings

The Committee shall meet as frequently as circumstances dictate. The Auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Company's annual financial statements and, if the Committee

feels it is necessary or appropriate, at every other meeting. On request by the Auditor, the Chair shall call a meeting of the Committee to consider any matter that the Auditor believes should be brought to the attention of the Committee, the Board or the shareholders of the Company.

At each meeting, a quorum shall consist of a majority of members that are not officers or employees of the Company or of an affiliate of the Company.

As part of its goal to foster open communication, the Committee may periodically meet separately with each of management and the Auditor to discuss any matters that the Committee or any of these groups believes would be appropriate to discuss privately. In addition, the Committee should meet with the Auditor and management annually to review the Company's financial statements in a manner consistent with Section III of this Charter.

The Committee may invite to its meetings any director, any manager of the Company, and any other person whom it deems appropriate to consult in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate to exclude in order to carry out its responsibilities.

II. DUTIES

A. Introduction

The following functions shall be the common recurring duties of the Committee in carrying out its purposes outlined in Section I of this Charter. These duties should serve as a guide with the understanding that the Committee may fulfill additional duties and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern which the Committee in its sole discretion deems appropriate for study or investigation by the Committee.

The Committee shall be given full access to the Company's internal accounting staff, managers, other staff and Auditor as necessary to carry out these duties. While acting within the scope of its stated purpose, the Committee shall have all the authority of, but shall remain subject to, the Board.

B. Powers and Responsibilities

The Committee will have the following responsibilities and, in order to perform and discharge these responsibilities, will be vested with the powers and authorities set forth below, namely, the Committee shall:

Independence of Auditor

- 1) Review and discuss with the Auditor any disclosed relationships or services that may impact the objectivity and independence of the Auditor and, if necessary, obtain a formal written statement from the Auditor setting forth all relationships between the Auditor and the Company.
- 2) Take, or recommend that the Board take, appropriate action to oversee the independence of the Auditor.
- 3) Require the Auditor to report directly to the Committee.
- 4) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external auditor of the Company.

Performance & Completion by Auditor of its Work

1. Be directly responsible for the oversight of the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, including resolution of disagreements between management and the Auditor regarding financial reporting.
2. Review annually the performance of the Auditor and recommend the appointment by the Board of a new, or re-election by the Company's shareholders of the existing, Auditor for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company.
3. Recommend to the Board the compensation of the Auditor.
4. Pre-approve all non-audit services, including the fees and terms thereof, to be performed for the Company by the Auditor.

Internal Financial Controls & Operations of the Company

1. Establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Preparation of Financial Statements

1. Discuss with management and the Auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
2. Discuss with management and the Auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.
3. Discuss with management and the Auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
4. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
5. Discuss with the Auditor the matters required to be discussed relating to the conduct of any audit, in particular:
 - 1) The adoption of, or changes to, the Company's significant auditing and accounting principles and practices as suggested by the Auditor, internal auditor or management.
 - 2) The management inquiry letter provided by the Auditor and the Company's response to that letter.
 - 3) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

Public Disclosure by the Company

1. Review the Company's annual and interim financial statements, management discussion and analysis (MD&A) and earnings press releases before the Board approves and the Company publicly discloses this information.
2. Review the Company's financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assessing the adequacy of those procedures.
3. Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process of the Company's financial statements about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

Manner of Carrying Out its Mandate

1. Consult, to the extent it deems necessary or appropriate, with the Auditor, but without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
2. Request any officer or employee of the Company or the Company's outside counsel or Auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.
3. Meet, to the extent it deems necessary or appropriate, with management, any internal auditor and the Auditor in separate executive sessions.
4. Have the authority, to the extent it deems necessary or appropriate, to retain special independent legal, accounting or other consultants to advise the Committee advisors.
5. Make regular reports to the Board.
6. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
7. Annually review the Committee's own performance.
8. Provide an open avenue of communication among the Auditor, the Company's financial and senior management and the Board.
9. Not delegate these responsibilities.

C. Limitation of Audit Committee's Role

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the Auditor.