

BLOCK ONE CAPITAL INC.

NOTICE OF ANNUAL GENERAL MEETING AND MANAGEMENT INFORMATION CIRCULAR

Date and Time: Tuesday, July 31, 2018
at 10:00 a.m. (Vancouver time)

Place: 1000 Cathedral Place
925 West Georgia Street
Vancouver, British Columbia

June 28, 2018

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BLOCK ONE CAPITAL INC.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON TUESDAY, JULY 31, 2018

TO: The shareholders of Block One Capital Inc. (the "**Corporation**")

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders of the Corporation will be held at 1000 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, Canada, on Tuesday, July 31, 2018, at 10:00 a.m. (Vancouver time) (the "**Meeting**"), for the following purposes:

1. to receive the financial statements of the Corporation for the financial year ended August 31, 2017, together with the report of the auditors thereon;
2. to re-appoint Saturna Group Chartered Professional Accountants LLP as auditors of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix the remuneration to be paid to the auditors for the ensuing year;
3. to elect directors of the Corporation for the ensuing year;
4. to consider and, if thought fit, to affirm, ratify and approve by ordinary resolution the Corporation's stock option plan, as more particularly described in the accompanying management information circular of the Corporation dated June 28, 2018 (the "**Circular**"); and
5. to transact such other business as may properly come before the Meeting or any adjournment(s) or postponement(s) thereof.

Accompanying this notice of meeting are the Circular, a form of proxy and a financial statement request form.

Registered shareholders who are unable to attend the Meeting are requested to complete, sign, date and return the enclosed proxy in accordance with the instructions set out in the proxy and in the Circular accompanying this notice of meeting. A proxy will not be valid unless it is received by TSX Trust Company, Proxy Department, 100 Adelaide Street West, Suite 301, Toronto, Ontario M5H 4H1, by facsimile to 1-416-595-9593 or over the internet as set forth in the form of proxy, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting or any adjournment(s) or postponement(s) thereof. The chairman of the Meeting has the discretion to accept proxies received after that time.

DATED at Vancouver, British Columbia, this 28th day of June, 2018.

**BY ORDER OF THE BOARD OF DIRECTORS OF
BLOCK ONE CAPITAL INC.**

/s/ "David Andrew Berg"

David Andrew Berg
Chief Investment Officer and Director

If you are a non-registered shareholder of the Corporation and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or by the other intermediary. Failure to do so may result in your common shares not being eligible to be voted by proxy at the Meeting.

BLOCK ONE CAPITAL INC.

MANAGEMENT INFORMATION CIRCULAR

INFORMATION CONTAINED IN THIS CIRCULAR

This management information circular (the "**Circular**") is being furnished to holders (the "**Shareholders**") of common shares ("**Common Shares**") in the capital of Block One Capital Inc. (the "**Corporation**") in connection with the solicitation of proxies by management of the Corporation for use at the Annual General Meeting of Shareholders to be held at 10:00 a.m. (Vancouver time) on Tuesday, July 31, 2018 at 1000 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, Canada, and any adjournment(s) or postponement(s) thereof (the "**Meeting**"), for the purposes set forth in the notice of meeting dated June 28, 2018 (the "**Notice of Meeting**").

It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by the directors and officers of the Corporation at nominal cost. The cost of this solicitation will be borne by the Corporation. The Notice of Meeting, this Circular, a form of proxy (the "**Proxy**") and a financial statement request form, will be mailed to beneficial owners of Common Shares commencing on or about July 3, 2018. In this Circular, except if otherwise indicated, all dollar amounts are expressed in Canadian currency.

The information contained in this Circular is given as at June 28, 2018, unless otherwise noted.

Record Date

The board of directors of the Corporation (the "**Board**") has set the close of business (Vancouver time) on Tuesday, June 12, 2018, as the record date (the "**Record Date**") for determining which Shareholders shall be entitled to receive notice of and to attend and vote at the Meeting. Only Shareholders of record as of the Record Date are entitled to receive notice of and to attend and vote at the Meeting. Persons who acquire Common Shares after the Record Date will not be entitled to vote such Common Shares at the Meeting.

Appointment of Proxyholders

The person(s) named in the accompanying Proxy as proxyholders are management's representatives. **A Shareholder of record has the right to appoint a person or company who need not be a Shareholder, other than the persons designated in the enclosed Proxy, to attend and act on behalf of the Shareholder at the Meeting.** A Shareholder wishing to exercise this right may do so either by striking out the printed names and inserting the desired person or company's name in the blank space provided in the Proxy or by completing another proper Proxy.

To be valid, the Proxy must be signed by the Shareholder of record or such Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer or attorney. The Proxy, to be acted upon, must be deposited with the Corporation, c/o its agent, TSX Trust Company, Proxy Department, 100 Adelaide Street West, Suite 301, Toronto, Ontario M5H 4H1, by facsimile to 1-416-595-9593 or over the internet as set forth in the form of proxy, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting or any adjournment(s) or postponement(s) thereof.

Voting of Proxies

If the Proxy is completed, signed and delivered to the Corporation, the persons named as proxyholders therein shall vote or withhold from voting the Common Shares in respect of which they are appointed as proxyholders at the Meeting in accordance with the instructions of the Shareholder appointing them, on any show of hands and/or on any ballot that may be called for and, if the Shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the persons appointed as proxyholders shall vote accordingly. The Proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to the matters identified in the Notice of Meeting and with respect to all amendments, variations and other matters which may properly come before the Meeting or any adjournment(s) or postponement(s) thereof. As of the date of this Circular, the Board knows of no such amendments, variations or other matters to come before the Meeting, other than the matters referred to in the Notice of Meeting. However, if other matters

should properly come before the Meeting, the Proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the Proxy.

If no choice is specified by a Shareholder with respect to any matter identified in the Proxy or any amendment or variation to such matter, it is intended that the person(s) designated by management in the Proxy will vote the Common Shares represented thereby in favour of such matter.

Non-Registered Holders

Only registered Shareholders or duly appointed proxyholders are permitted to attend and vote at the Meeting. Most Shareholders are "non-registered Shareholders" because the shares they own are not registered in their name but are instead registered in the name of the brokerage firm, bank or trust corporation through which they purchased their shares. More particularly, a person is not a registered Shareholder in respect of Common Shares which are held on behalf of that person (the "**Non-Registered Holder**") but which are registered either: (a) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Holder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a depository (such as CDS Clearing and Depository Services Inc.) of which an Intermediary is a participant. In accordance with the requirements of applicable securities laws, the Corporation has distributed copies of the Notice of Meeting, this Circular, the Proxy and a financial statement request form (collectively, the "**Meeting Materials**"), to the depositories and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Typically, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- (a) receive a Proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. Because the Intermediary has already signed the Proxy, this Proxy is not required to be signed by the Non-Registered Holder when submitting the Proxy. In this case, the Non-Registered Holder who wishes to submit a Proxy should otherwise properly complete and deliver the Proxy; or
- (b) more typically, receive a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions (a "**proxy authorization form**") which the Intermediary must follow.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares which they beneficially own. Should a Non-Registered Holder who receives a Proxy wish to attend and vote at the Meeting in person, the Non-Registered Holder should strike out the names of the management proxyholders and insert the Non-Registered Holder's name in the blank space provided or, in the case of a proxy authorization form, the Non-Registered Holder should follow the corresponding instructions on the form. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the Proxy or proxy authorization form is to be delivered.**

Revocability of Proxy

Any Shareholder returning the enclosed Proxy may revoke the same at any time insofar as it has not been exercised. In addition to revocation in any other manner permitted by law, a Proxy may be revoked by instrument in writing executed by the Shareholder or by his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited at the registered office of the Corporation, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment(s) or postponement(s) thereof, or with the chairperson of the Meeting prior to the commencement of the Meeting. A revocation of a Proxy will not affect a matter on which a vote is taken before the revocation.

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

Except as otherwise disclosed herein, no director or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year, proposed nominee for election as a director of the Corporation or any associate or affiliate of such director, officer or proposed nominee has any material interest, direct or indirect, by way of beneficial ownership of securities of the Corporation or otherwise, in any matter to be acted on at the Meeting, other than the election of directors or the appointment of auditors of the Corporation.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Corporation's authorized capital consists of an unlimited number of Common Shares without par value, the holders thereof being entitled to one vote for each Common Share held. As at the Record Date, there were a total of 66,548,333 Common Shares issued and outstanding.

To the knowledge of the directors and executive officers of the Corporation, no person or company beneficially owns, controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation.

ELECTION OF DIRECTORS

The directors of the Corporation are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are duly elected or appointed in accordance with the Corporation's articles or until such director's earlier death, resignation or removal. Management of the Corporation does not contemplate that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the person(s) designated in the enclosed Proxy reserve the right to vote for other nominees in their discretion.

Management of the Corporation proposes to nominate the following five (5) individuals for election by the Shareholders as directors of the Corporation to hold office until the next annual meeting or until their successors are duly elected or appointed. The following table (and notes thereto) states the name of the proposed nominees and each director of the Corporation whose term will continue after the Meeting, all offices of the Corporation now held by him or her, his or her principal occupation, the period of time for which he or she has been a director of the Corporation and the number of securities of the Corporation beneficially owned by him or her, directly or indirectly, or over which he or she exercises control or direction, as at the date hereof.

Name, province/state and country of residence	Principal occupation	Current position(s) with the Corporation	Director since	Number of securities beneficially owned or controlled or directed, directly or indirectly
David Andrew Berg ⁽³⁾ <i>Alberta, Canada</i>	Mr. Berg is currently the President of KPI Business Management, a private consulting corporation based in Calgary, Alberta specializing in the provision of management services, development of business models and structuring, financing and managing public and private projects.	CIO and Director	December 10, 2013	1,750,000 ⁽¹⁾
Christopher P. Cherry ⁽³⁾ <i>British Columbia, Canada</i>	Chartered Accountant, Certified General Accountant and self-employed management consultant, providing management and accounting consulting services to public companies.	CFO and Director	April 29, 2016	Nil
Arnold Spangler	Private investor and a director of	Director	March 1, 2018	Nil

Name, province/state and country of residence	Principal occupation	Current position(s) with the Corporation	Director since	Number of securities beneficially owned or controlled or directed, directly or indirectly
<i>New York, USA</i>	Congoleum Corporation, a private corporation that manufactures flooring products.			
<i>Aman Thindal British Columbia, Canada</i>	Chief Financial Officer of Reliq Health Technologies Inc. (TSX-V: RHT), a healthcare technology company.	Director	March 1, 2018	502,100 ⁽²⁾
<i>Julie Zhu⁽³⁾ British Columbia, Canada</i>	Independent business consultant, providing expertise to Canadian entities conducting business in the People's Republic of China.	Director	October 10, 2014	Nil

Notes:

⁽¹⁾ Mr. Berg also holds stock options to purchase 150,000 Common Shares and warrants to purchase 1,750,000 Common Shares.

⁽²⁾ Mr. Thindal also holds options to purchase 600,000 Common Shares.

⁽³⁾ A member of the Audit Committee.

Management recommends that Shareholders vote for its nominees for election as directors. **Unless you give other instructions, the person(s) named in the enclosed Proxy intend to vote FOR the election of the five (5) management nominees as directors of the Corporation for the ensuing year.**

Corporate Cease Trade Orders or Bankruptcy

Except as disclosed in this Circular, to the Corporation's knowledge, as of the date of this Circular, no proposed nominee for election as a director of the Corporation is, or has been, within the past ten years, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity:

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

Christopher P. Cherry:

- (a) is currently the Chief Financial Officer of Mexivada Mining Corp. ("**Mexivada**"). On October 29, 2010, at the request of management, the British Columbia Securities Commission (the "**BCSC**") issued a cease trade order against the insiders of Mexivada for failing to file comparative financial statements for the year ended June 30, 2010 and the related management's discussion and analysis for the same period. The cease trade order was lifted on November 30, 2010. On October 31, 2011, at the request of management, the BCSC issued a cease trade order against the insiders of Mexivada for failing to file comparative financial statement for the year ended June 30, 2011 and the related management's discussion and analysis for the same period. The cease trade order was lifted on November 24, 2011. On October 31, 2012, at the request of management, the BCSC issued a cease trade order against the insiders of Mexivada for failing to file comparative financial statement for the year ended June 30, 2012 and the related management's discussion and analysis for the same period. As of the date of this Circular, the cease trade order is still in effect. On November 19, 2012, the BCSC issued a cease trade order against Mexivada

for failing to file comparative financial statement for the year ended June 30, 2012 and the related management's discussion and analysis for the same period. As of the date of this Circular, the cease trade order is still in effect;

- (b) was the former Chief Financial Officer and director of Wolfeye Resource Corp. ("**Wolfeye**") from 2010 to 2014. On August 7, 2013, the BCSC and the Alberta Securities Commission issued a cease trade order against Wolfeye and the insiders of Wofeye for failing to file audited financial statements for the year ended March 31, 2013 and the related management's discussion and analysis for the same period. On August 8, 2013, trading in Wolfeye's common shares was suspended by the TSX Venture Exchange (the "**Exchange**") for failing to file the required financial materials. The cease trade order was lifted on September 26, 2013 and the trading suspension was lifted, and trading in Wolfeye's common shares recommenced, on October 30, 2013;
- (c) was a former director and officer of 1040426 B.C. Ltd., 1040433 B.C. Ltd., 1040440 B.C. Ltd., 1040442 B.C. Ltd. and Genix Pharmaceutical Corp. ("**Genix**"), companies that are reporting issuers in the provinces of British Columbia and Alberta. On December 2, 2016, the BCSC issued a cease trade order against each of these companies and their insiders for failing to file audited financial statements for the year ended July 31, 2016 and the related management's discussion and analysis for the same period. The cease trade orders for 1040426 B.C. Ltd., 1040433 B.C. Ltd. and 1040442 B.C. Ltd. were lifted on May 23, 2017, the cease trade order for 1040440 B.C. Ltd. was lifted on September 20, 2017 and the cease trade order for Genix was lifted on April 13, 2018. The BCSC also issued deficiency notices to each of 1040440 B.C. Ltd. and Genix for failing to file financial statements for the period ended October 31, 2016 and the related management's discussion and analysis for the same period. On April 9, 2018, the BCSC issued a cease trade order against 1040440 B.C. Ltd. for failing to file interim financial statements for the period ended January 31, 2018 and the related management's discussion and analysis for the same period. The cease trade order was lifted on April 16, 2018; and
- (d) was the former Chief Financial Officer and director of WellStar Energy Corp. ("**WellStar**") from February 2015 to May 2017. On May 31, 2016, at the request of management, the BCSC issued a cease trade order against Wellstar and the insiders of Wellstar for failing to file audited financial statements for the year ended January 31, 2016 and the related management's discussion and analysis for the same period. The cease trade order was lifted on July 11, 2016. On June 7, 2017, the BCSC issued a cease trade order against Wellstar for failing to file audited financial statements for the year ended January 31, 2017 and the related management's discussion and analysis for the same period. As of the date of this Circular, the cease trade order is still in effect.

On March 24, 2017, the Court of Queen's Bench of Alberta granted an application by the lenders of WellStar to appoint Grant Thornton Limited (the "**Receiver**") as receiver and manager over the assets, undertakings and property of WellStar and its wholly owned subsidiary Nexxtep Resources Ltd. ("**Nexxtep**"). The Receiver is charged with managing the day to day affairs of WellStar and Nexxtep during the period of its appointment.

Penalties or Sanctions

To the Corporation's knowledge, as of the date of this Circular, no proposed nominee for election as a director of the Corporation is, or has been, subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely to be considered important to a reasonable investor making an investment decision.

Personal Bankruptcy

As of the date of this Circular, no proposed nominee for election as a director of the Corporation has, within the ten years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Conflicts of Interest

Except as disclosed in this Circular, to the Corporation's knowledge, there are no known existing or potential conflicts of interest among the Corporation and its directors, officers, promoters or other members of management as a result of their outside business interests, except that certain of the directors, officers, promoters and other members of management may from time to time serve as directors, officers, promoters and members of management of other public companies and,

therefore, it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

The directors of the Corporation are required by law to act honestly and in good faith with a view to the best interest of the Corporation and to disclose any interests which they may have in any project or opportunity of the Corporation. If a conflict of interest arises at a meeting of the Board, the director in a conflict must disclose his or her interest and abstain from voting on such matter. In determining whether or not the Corporation will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Corporation may be exposed and its financial position at that time.

EXECUTIVE COMPENSATION

Pursuant to applicable securities legislation and in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* ("**Form 51-102F6V**"), the Corporation is providing a summary of all annual and long-term compensation for services in all capacities to the Corporation in respect of any individual who served as: (a) the Corporation's chief executive officer (the "**CEO**"), including an individual performing functions similar to a chief executive officer, during any part of the financial year ended August 31, 2017; (b) the Corporation's chief financial officer (the "**CFO**"), including an individual performing functions similar to a chief financial officer, during any part of the financial year ended August 31, 2017; (c) the Corporation's three other most highly compensated executive officers, if any, whose individual total compensation for the financial year ended August 31, 2017 exceeded \$150,000; and (d) any individual who would have satisfied these criteria but for the fact that the individual was not serving as an executive officer of the Corporation, nor acting in a similar capacity, at the end of the financial year ended August 31, 2017 (the "**Named Executive Officers**" or "**NEOs**").

During the financial year ended August 31, 2017, the following individuals were the NEOs of the Corporation:

- David Andrew Berg, CEO (resigned effective February 1, 2018) and Chief Investment Officer ("**CIO**") of the Corporation (appointed effective February 1, 2018); and
- Christopher P. Cherry, CFO.

Director and Named Executive Officer Compensation

Oversight and Description of Director and Named Executive Officer Compensation

NEO Compensation

The principal objective of the Corporation's compensation policy is to attract and retain key executive officers that are considered critical to the growth and success of the Corporation. The Board, in consultation with the Corporation's executive officers, periodically reviews and makes recommendations in respect of compensation paid to the Corporation's directors and executive officers, including salary, incentive and other compensation levels. Presently, the Corporation relies on discussions of the Board without any formal objectives, criteria and analysis in determining compensation, which generally consists of base salary and grants of stock option awards under the Corporation's stock option plan (the "**Option Plan**"). The Corporation does not assess its compensation through benchmarks or peer groups at this time.

Elements of Compensation

Under the Corporation's compensation structure, compensation for executive officers may consist of:

Base Salary. Base salary is currently the foundation of the Corporation's compensation policy and is intended to compensate competitively based on the past experience of the executive, while taking into consideration the Corporation's current level of development. The desire is for base salary to be high enough to secure exceptional executives that can further the annual and long-term objectives of the Corporation, while at the same time not being excessive with a view to the Corporation's available cash resources. The Board reviews salary levels periodically and may make adjustments, if warranted, as a result of competitive positioning, the stage of development of the Corporation or an increase in responsibilities assumed by an executive.

Stock Options. The Board may also grant stock options under the Option Plan as part of an executive's compensation package. The primary objective of making stock option grants is to encourage executive officers to acquire

an ownership interest in the Corporation over a period of time, thus better aligning the interests of executive officers with the interests of the Shareholders, and thereby discouraging excessive risk taking. Additionally, awards may be granted to help enhance the overall competitiveness of an executive's compensation package, where necessary, while helping maintain the Corporation's available cash resources.

The Board considers various factors when determining the number of awards to be granted to specific individuals, including the level of responsibility and base salary level associated with the position held by such individual. When determining possible future stock option grants, the Board considers past grants. The Corporation uses the Black-Scholes model to determine the fair value of stock options on the date of grant.

Bonus. From time to time, the Board may grant bonus awards to members of the Corporation's management, in the form of cash or Common Shares, in light of the Corporation's accomplishments of certain milestones or achievements and the member's level of involvement in accomplishing such milestones or achievements.

Director Compensation

The Corporation has implemented a directors' compensation policy, pursuant to which directors are compensated by the Corporation for their services in their capacity as directors, for committee participation and involvement in special assignments and for services as consultants or experts. The directors are also reimbursed for reasonable expenses incurred in connection with their services as directors and are eligible for the grant of stock options under the Option Plan.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table (and notes thereto) sets forth all compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Corporation to each NEO and director of the Corporation, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to a NEO or a director of the Corporation for services provided and for services to be provided, directly or indirectly, to the Corporation for each of the Corporation's two most recently completed financial years.

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 (\$)
David Andrew Berg ⁽¹⁾ Former CEO, Current CIO and Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Christopher P. Cherry ⁽²⁾ CFO and Director	2017	19,590 ⁽³⁾	Nil	Nil	Nil	Nil	19,590
	2016	12,73 ⁽⁴⁾	Nil	Nil	Nil	Nil	12,731
Julie Zhu Director	2017	N/A	N/A	Nil	Nil	Nil	Nil
	2016	N/A	N/A	Nil	Nil	Nil	Nil
Nick Watters ⁽⁵⁾ Former Director	2017	N/A	N/A	Nil	Nil	Nil	Nil
	2016	N/A	N/A	Nil	Nil	Nil	Nil

Notes:

- (1) Mr. Berg resigned as CEO and was appointed as CIO effective February 1, 2018.
- (2) Mr. Cherry was appointed as CFO and a director of the Corporation effective April 29, 2016.
- (3) The amount reported represents fees earned by Cherry Consulting Ltd. ("**Cherry Ltd.**"), a private corporation wholly-owned by Mr. Cherry, for management, accounting and administrative services in 2017. See "External Management Companies" below. Mr. Cherry did not collect any fees for his role as a director of the Corporation in 2017.
- (4) The amount reported represents fees earned by Cherry Ltd. for management, accounting and administrative services in 2016. See "External Management Companies" below. Mr. Cherry did not collect any fees for his role as a director of the Corporation in 2016.
- (5) Mr. Watters resigned as a director of the Corporation effective March 1, 2018.

Stock Options

The following table (and notes thereto) sets out all compensation securities granted or issued to each NEO and director of the Corporation by the Corporation for the financial year ended August 31, 2017 for services provided or to be provided, directly or indirectly, to the Corporation:

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 August 31, 2017 (\$)	Expiry date
Christopher P. Cherry ⁽³⁾ CFO and Director	Stock Options	200,000 / 50.0	October 26, 2016	0.25	0.15	1.15	October 26, 2019
Nick Watters ⁽⁴⁾ Former Director	Stock Options	200,000 / 50.0	October 26, 2016	0.25	0.15	1.15	October 26, 2019

Notes:

- (1) Each stock option entitles the holder thereof to acquire, upon exercise, one Common Share.
- (2) Percentage of class based on an aggregate of 400,000 stock options outstanding as at August 31, 2017.
- (3) As of August 31, 2017, Mr. Cherry held 200,000 stock options.
- (4) As of August 31, 2017, Mr. Watters held 200,000 stock options.

Exercise of Compensation Securities by Directors and NEOs

During the financial year ended August 31, 2017, the NEOs and directors of the Corporation did not exercise any compensation securities of the Corporation.

Stock Option Plans and Other Incentive Plans

The Corporation has adopted the Option Plan for the Corporation's directors, officers, employees and consultants. The purpose of the Option Plan is to advance the interests of the Corporation by encouraging the directors, officers, employees and consultants of the Corporation to acquire Common Shares, thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentives in their efforts on behalf of the Corporation.

The Option Plan is administered by the Board. The Option Plan provides that options will be issued pursuant to option agreements which shall provide for the expiration of such options on a date not later than the maximum term permitted by the Exchange. Under the Option Plan, a maximum number of Common Shares issuable upon the exercise of all options granted under the Option Plan shall not exceed ten percent (10%) of the issued and outstanding Common Shares, from time to time, provided that options may not be granted to an individual director, officer or employee to purchase a number of Common Shares equalling more than five percent (5%) of the issued Common Shares in any twelve-month period unless the Corporation has obtained disinterested shareholder approval in respect of such grant and such grant meets Exchange requirements. Options may not be granted if the exercise thereof would result in the issuance to any one consultant or any one person employed to provide investor relations services in any twelve-month period of more than two percent (2%) of the issued Common Shares. Options issued pursuant to the Option Plan will have an exercise price determined by the directors of the Corporation, provided that the exercise price shall not be less than the price permitted by the Exchange.

Options granted under the Option Plan are non-transferable, non-assignable and expire on the earlier of the period set by the directors of the Corporation (not to exceed the maximum term permitted by the Exchange) or the date determined by the Board, on or after the date the optionee ceases to be an officer, director, employee or consultant of the Corporation. In the event of the death of an optionee, options held by such optionee will expire on the earlier of ninety (90) days from the date the optionee ceases to be an officer, director, employee or consultant of the Corporation or one (1) year from the date of such optionee's ceasing to be an officer, director, employee or consultant of the Corporation due to death.

The Option Plan was last approved by the Shareholders at the Corporation's annual general and special meeting held on March 30, 2015. In accordance with Exchange rules, the Corporation is required to obtain Shareholder approval of the Option Plan annually at the Corporation's annual general meeting.

Employment, Consulting and Management Agreements

During the financial year ended August 31, 2017, the Corporation did not have an agreement or arrangement under which compensation was provided or is payable in respect of services provided to the Corporation that were performed by a NEO or director of the Corporation or by any other party for services typically provided by a NEO or director.

External Management Companies

Pursuant to an agreement between the Corporation and Cherry Ltd., Cherry Ltd. agreed to provide management, accounting and administrative services to the Corporation. During the most recently completed financial year ended August 31, 2017, the Corporation paid \$19,590 to Cherry Ltd. pursuant to the agreement. Cherry Ltd. is a private corporation wholly-owned by Christopher P. Cherry, the CFO and a director of the Corporation.

Pension Disclosure

The Corporation does not provide pension benefits to the NEOs or directors of the Corporation.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information

The following table (and note thereto) sets out securities authorized for issuance under the Option Plan as of August 31, 2017, the end of the Corporation's most recently completed financial year.

Option plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (\$) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in columns (a))
Equity compensation plans approved by securityholders (Option Plan) ⁽¹⁾	400,000	0.25	683,833

Note:

⁽¹⁾ The aggregate number of Common Shares issuable upon the exercise of all options granted under the Option Plan may not exceed 10% of the issued and outstanding Common Shares from time to time.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is or has been a director, executive officer or employee of the Corporation was, within thirty (30) days before the date of this Circular, indebted to the Corporation or indebted to another entity where such indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, no informed person of the Corporation, proposed director of the Corporation or any associate or affiliate of an informed person or proposed director, has any material interest, direct or indirect, in any transaction

since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation.

For the purposes of this Circular, an "informed person" means (i) a director or officer of the Corporation, (ii) a director or officer of a person or company that is itself an informed person of the Corporation, (iii) any person or company who beneficially owns, directly or indirectly, and/or exercises control or direction over voting securities of the Corporation carrying more than 10% of the voting rights attaching to all outstanding voting securities of the Corporation or (iv) the Corporation, if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

MANAGEMENT CONTRACTS

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

AUDIT COMMITTEE

The Audit Committee's primary function is to assist the Board in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Corporation to regulatory authorities and the Shareholders, the Corporation's systems of internal controls regarding finance and accounting and the Corporation's auditing, accounting and financial reporting processes. The Audit Committee also reviews the overall audit plan and the results of the external audit to resolve any potential disputes with the Corporation's auditors.

Audit Committee Charter

The Audit Committee operates under a written charter that sets out its responsibilities and composition requirements. The text of the Audit Committee's charter is set forth at Schedule "A" attached hereto.

Composition of the Audit Committee

The members of the Audit Committee are David Andrew Berg, Christopher P. Cherry and Julie Zhu, all of whom are considered by the Board to be financially literate within the meaning set forth in National Instrument 52-110 – *Audit Committees* ("NI 52-110"). Mr. Berg and Mr. Cherry are executive officers of the Corporation and are therefore, not "independent" within the meaning set forth in NI 52-110. Ms. Zhu is an "independent" member of the Audit Committee, within the meaning set forth in NI 52-110.

In accordance with applicable securities rules, the Corporation is seeking to replace a "non-independent" member of the Audit Committee with an "independent" member as soon as reasonably possible.

Relevant Education and Experience

The education and experience of each member of the Audit Committee which is relevant to the performance of his or her responsibilities as an Audit Committee member, including education or experience that would provide the member with an understanding of accounting principles used by the Corporation to prepare its financial statements, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions, experience preparing, auditing, analysing or evaluating financial statements and an understanding of internal controls and procedures for financial reporting is set forth below.

David Andrew Berg – Mr. Berg spent over 28 years' working at Westfair Foods Ltd. ("**Westfair**"), a business unit of Loblaw's Group of Companies Ltd. At Westfair, Mr. Berg was the Vice President of Operations from March 2002 to June 2007 and Director of Operations from September 1989 to February 2006. Mr. Berg was a director of Potash One Inc. (TSX: KCL) from November 2007 to January 2011 and Chairman of the Board from May 2008 to May 2009. Since July 2007, he has operated a private consulting firm, based in Calgary, Alberta, that specializes in the provision of management services, development of business models and structuring, financing and managing public and private projects. Mr. Berg has been a director of Mkango Resources Ltd. ("**Mkango**") (TSX-V: MKA) ((formerly Alloy Capital Corp) since November 2007 and was a former director of Harvest One Cannabis Inc. He was the President and Chief Executive Officer of Mkango from November 2007 to December 2010 and the Chief Financial Officer of Mkango from November 2007 to June 2011.

Christopher P. Cherry – Mr. Cherry has over 16 years of corporate accounting and audit experience. Mr. Cherry has extensive corporate experience and has held senior-level positions for several public mining companies, including as a director, Chief Financial Officer and Corporate Secretary. Mr. Cherry was a Corporate Controller of iO Corporate Services Ltd. from August 2007 to May 2013 and senior auditor at Davidson & Company LLP from November 2004 to August 2007. He also held positions with KPMG LLP, where he gained experience as an auditor for junior public companies and with initial public offerings. Mr. Cherry has been a Chartered Accountant since February 2009 and a Certified General Accountant since 2004.

Julie Zhu – Ms. Zhu earned a Bachelor of Arts degree from Beijing University in 1987, a Master of Arts degree from the University of British Columbia in 1993 and a Master of Business Administration Degree from the University of British Columbia in 1995. She has been a Certified Financial Planner since 1999 and a Chartered Financial Analyst since 2002. Since May 2003, Ms. Zhu has been working as an independent consultant, providing expertise to Canadian entities conducting business in the People's Republic of China.

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 exemptions in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), Subsection 6.1.1(4) of NI 52-110 (*Circumstances Affecting the Business or Operations of the Venture Issuer*), Subsection 6.1.1(5) of NI 52-110 (*Events Outside Control of Members*), Subsection 6.1.1(6) of NI 52-110 (*Death, Incapacity or Resignation*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services by its external auditors. The Audit Committee's charter provides that the Audit Committee shall pre-approve all non-audit-related services (other than services related to tax compliance, tax advice or tax planning) and the fees and other compensation for such non-audit services provided by the Corporation's external auditors. The Audit Committee's charter provides that the Chair of the Audit Committee shall pre-approve all tax compliance, tax advice or tax planning services and the fees and other compensation for such services provided by the Corporation's external auditors.

External Auditor Service Fees (by category)

The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years for audit fees are as follows:

Year	Audit Fees⁽¹⁾ (\$)	Audit Related Fees (\$)	Tax Fees (\$)	All Other Fees (\$)
2017	16,000	Nil	Nil	16,000
2016	9,500	Nil	Nil	9,500

Note:

(1) Audit fees were for professional services rendered by the auditors for the audit of the Corporation's annual financial statements as well as services provided in connection with statutory and regulatory filings.

Exemption

In providing the disclosure in this Circular, the Corporation is relying on the exemption in section 6.1 of NI 52-110.

CORPORATE GOVERNANCE

The Board believes that sound corporate governance practices are essential to the effective, efficient and prudent operation of the Corporation and to the enhancement of Shareholder value. The Board fulfils its mandate directly and through committees at regularly scheduled meetings or as required.

Board of Directors

The directors are responsible for managing and supervising the management of the business and affairs of the Corporation. Each year, the Board must review the relationship that each director has with the Corporation in order to satisfy itself that the relevant independence criteria have been met.

Arnold Spangler, Aman Thindal and Julie Zhu are "independent" directors of the Corporation, in that they are each free from any interest which could reasonably interfere with their exercise of independent judgment as a director of the Corporation. David Andrew Berg and Christopher P. Cherry are executive officers of the Corporation and are therefore not "independent" within the meaning set forth in NI 52-110.

Directorships

As of the date of this Circular, in addition to their positions with the Corporation, the following current directors also serve as directors of the following reporting issuers or reporting issuer equivalent(s):

Name of Director	Reporting Issuer(s) or Equivalent(s)
David Andrew Berg	Mkango Resources Ltd.
Christopher P. Cherry	1040436 B.C. Ltd., 1040440 B.C. Ltd., Anquiro Ventures Ltd., C21 Investments Inc., Cervantes Capital Corp., COSBOO International Inc., Gold Port Resources Ltd., Graphite Energy Corp., Harvest Gold Corporation, Klondike Gold Corp., NRG Metals Inc., Petrichor Energy Inc. and Wellstar Energy Corp.
Amandeep Thindal	Reliq Health Technologies Inc.

Orientation and Continuing Education

The Corporation does not have a formal process of orientation and education for new members of the Board. The current directors are experienced in boardroom procedure and corporate governance and generally have a good understanding of the business. As necessary, new members of the Board are provided with information about the Board and the Corporation, the role of the Board, the Board's committees and the Corporation's industry. In addition, the Corporation provides continuing education for its directors as such needs arise.

Ethical Business Conduct

Each director, officer and employee, in the exercise of his or her duties and responsibilities, must act in honesty and good faith in the best interest of the Corporation and in compliance with applicable laws, rules and regulations.

In addition, the Board must comply with conflict of interest provisions in the *Business Corporations Act* [SBC 2002] Chapter 57 and relevant securities regulatory instruments in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director has a material interest. To ensure directors of the Corporation exercise independent judgement in considering transactions, agreements or decisions in respect to which a director has declared a material interest (in accordance with relevant corporate law requirements), the Board follows a practice whereby any such Board member must be absent during any Board discussion pertaining thereto and not cast a vote on any such matter.

Nomination of Directors

Although the Corporation has not constituted a nominating committee to propose new director nominees, the Board is responsible for filling vacancies on the Board and making recommendations as to nominees for the Board. The Board analyses the needs of the Board when vacancies arise and identifies and proposes new nominees who have the necessary competencies and characteristics to meet such needs. In order to foster an objective nomination process, the independent members of the Board are encouraged to recommend nominees for the Board.

Compensation

The Board annually reviews and approves corporate goals and objectives relevant to the compensation of the CEO and CFO, respectively, evaluates the CEO's and CFO's performance, respectively, in light of those goals and objectives and sets the CEO's and CFO's compensation level, respectively, based on this evaluation. The Board meets without the presence of

other executive officers when approving the CEO's and CFO's compensation, respectively, but may invite the CEO and/or the CFO to be present during the approval of other executive officers' compensation.

Assessments

The Board is responsible for keeping management informed of its evaluation of the performance of the Corporation and its senior officers in achieving and carrying out the Board's established goals and policies and is also responsible for advising management of any remedial action or changes which it may consider necessary. Additionally, directors are expected to devote the time and attention to the Corporation's business and affairs as necessary to discharge their duties as directors effectively. The Board does not have a formal process to monitor the effectiveness of the Board, its committees and individual members, but rather relies on an informal review process. In order to gauge performance, the Board considers the following:

- (a) input from directors, when appropriate;
- (b) attendance of directors at meetings of the Board and any committee; and
- (c) the competencies and skills each individual director is expected to bring to the Board and each committee.

APPOINTMENT AND REMUNERATION OF AUDITORS

At the Meeting, Shareholders will be asked to vote for the re-appointment of Saturna Group Chartered Professional Accountants LLP ("**Saturna**"), of Vancouver, British Columbia, as the Corporation's auditors for the ensuing year, and to authorize the directors to fix the auditors' remuneration. See "Audit Committee – External Audit Service Fees (by category)" above for a discussion of the past remuneration paid to the auditor. Saturna was first appointed as the Corporation's auditors on October 31, 2013.

Management recommends that Shareholders vote for the re-appointment of Saturna as the Corporation's auditors for the ensuing year and the authorization of the Board to determine the remuneration to be paid to the auditors. **Unless you give other instructions, the person(s) named in the enclosed Proxy intend to vote FOR the re-appointment of Saturna as the auditors of the Corporation until the close of the next annual meeting and FOR the authorization of the Board to fix the remuneration to be paid to the auditors.**

PARTICULARS OF MATTERS TO BE ACTED UPON

Stock Option Plan

At the Meeting, Shareholders will be asked to consider, and if thought fit, to approve by ordinary resolution, in the form of resolution set forth in Schedule "B" attached hereto, the Option Plan.

In order to pass the resolution approving the Option Plan, a majority of the votes cast at the Meeting must be voted in favor of the resolution. The Board has determined that approval of the Option Plan is in the best interests of the Corporation. Management recommends that Shareholders vote FOR the resolution affirming, ratifying and approving the Option Plan, in the form of resolution set forth in Schedule "B" attached hereto. **Unless you give other instructions, the person(s) named in the enclosed Proxy intend to vote FOR the resolution affirming, ratifying and approving the Option Plan.**

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Shareholders may contact the Corporation to request copies of the Corporation's financial statements and management's discussion and analysis by sending a written request to: c/o Block One Capital Inc., Suite 1000, Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2, Attention: David Berg, Chief Investment Officer and Director. Financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for its most recently completed financial year, which are also available on SEDAR at www.sedar.com.

APPROVAL OF INFORMATION CIRCULAR

The undersigned hereby certifies that the contents and the sending of this Circular have been approved by the directors of the Corporation.

DATED at Vancouver, British Columbia, this 28th day of June, 2018.

**BY ORDER OF THE BOARD OF DIRECTORS OF
BLOCK ONE CAPITAL INC.**

/s/ "David Andrew Berg"

David Andrew Berg

Chief Investment Officer and Director

SCHEDULE "A"

Audit Committee Charter of the Corporation

I. PURPOSE

The Audit Committee (the "**Committee**") is appointed by the board of directors (the "**Board**") of Block One Capital Inc. (the "**Corporation**") to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee's primary duties and responsibilities are to:

- conduct such reviews and discussions with management and the external auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;
- ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel;
- review the quarterly and annual financial statements and management's discussion and analysis of the Corporation's financial position and operating results and report thereon to the Board for approval of same;
- select and monitor the independence and performance of the Corporation's external auditors, including attending at private meetings with the external auditors and reviewing and approving all renewals or dismissals of the external auditors and their remuneration; and
- provide oversight to related party transactions entered into by the Corporation.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the external auditors as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part IV of this Charter.

II. AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

- engage independent counsel and other advisors as it determines necessary to carry out its duties;
- set and pay the compensation for advisors employed by the Committee; and
- communicate directly with the internal and external auditors.

III. COMPOSITION AND MEETINGS

The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, those of the British Columbia Securities Commission, the TSX Venture Exchange, the *Business Corporations Act* (British Columbia) and all applicable securities regulatory authorities.

The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair.

A majority of the members of the Committee shall not be officers or employees of the Corporation or any of its affiliates.

The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two and at least 50% of the members of the Committee present either in person or by telephone shall constitute a quorum.

If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the next business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.

If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.

The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours' notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.

Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.

The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.

The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries, if any, as the Committee may see fit, from time to time, to attend at meetings of the Committee.

Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. All decisions or recommendations of the Committee shall require the approval of the Board prior to implementation.

The Committee members will be elected annually at the first meeting of the Board following the annual meeting of shareholders.

IV. RESPONSIBILITIES

A. Financial Accounting and Reporting Process and Internal Controls

The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with applicable international financial reporting standards ("**IFRS**") and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review the interim financial statements. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the external auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.

The Committee shall review any internal control reports prepared by management and the evaluation of such report by the external auditors, together with management's response.

The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, management's discussion and analysis and interim earnings press releases, and periodically assess the adequacy of these procedures.

The Committee shall review management's discussion and analysis relating to annual and interim financial statements and any other public disclosure documents, including interim earnings press releases, that are required to be reviewed by the Committee under any applicable laws before the Corporation publicly discloses this information.

The Committee shall meet no less frequently than annually with the external auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, the officer of the Corporation in charge of financial matters, deem appropriate.

The Committee shall inquire of management and the external auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.

The Committee shall review the post-audit or management letter containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.

The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel.

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.

The Committee shall provide oversight to related party transactions entered into by the Corporation.

B. Independent Auditors

The Committee shall recommend to the Board the external auditors to be nominated, shall set the compensation for the external auditors, provide oversight of the external auditors and shall ensure that the external auditors report directly to the Committee.

The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.

The Committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the external auditors in accordance with the terms of this charter.

The Committee shall monitor and assess the relationship between management and the external auditors and monitor, support and assure the independence and objectivity of the external auditors.

The Committee shall review the external auditors' audit plan, including the scope, procedures and timing of the audit.

The Committee shall review the results of the annual audit with the external auditors, including matters related to the conduct of the audit.

The Committee shall obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within IFRS that were discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between the Corporation and the external auditors.

The Committee shall review fees paid by the Corporation to the external auditors and other professionals in respect of audit and non-audit services on an annual basis.

The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.

The Committee shall monitor and assess the relationship between management and the external auditors and monitor and support the independence and objectivity of the external auditors.

C. Other Responsibilities

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

Procedures for Receipt of Complaints and Submissions Relating to Accounting Matters

The Corporation shall inform employees on the Corporation's intranet, if there is one, or via a newsletter or e-mail that is disseminated to all employees at least annually, of the officer (the "**Complaints Officer**") designated from time to time by the Committee to whom complaints and submissions can be made regarding accounting, internal accounting controls or auditing matters or issues of concern regarding questionable accounting or auditing matters.

The Complaints Officer shall be informed that any complaints or submissions so received must be kept confidential and that the identity of employees making complaints or submissions shall be kept confidential and shall only be communicated to the Committee or the Chair of the Committee.

The Complaints Officer shall be informed that he or she must report to the Committee as frequently as such Complaints Officer deems appropriate, but in any event no less frequently than on a quarterly basis prior to the quarterly meeting of the Committee called to approve interim and annual financial statements of the Corporation.

Upon receipt of a report from the Complaints Officer, the Committee shall discuss the report and take such steps as the Committee may deem appropriate.

The Complaints Officer shall retain a record of a complaint or submission received for a period of six years following resolution of the complaint or submission.

Procedures for Approval of Non-Audit Services

The Corporation's external auditors shall be prohibited from performing for the Corporation the following categories of non-audit services:

- bookkeeping or other services related to the Corporation's accounting records or financial statements;
- financial information systems design and implementation;
- appraisal or valuation services, fairness opinion or contributions-in-kind reports;
- actuarial services;
- internal audit outsourcing services;
- management functions;
- human resources;
- broker or dealer, investment adviser or investment banking services;
- legal services;
- expert services unrelated to the audit; and
- any other service that the Canadian Public Accountability Board determines is impermissible.

If the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Corporation shall consult with the Chair of the Committee, who shall have the authority to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole.

The Chief Financial Officer of the Corporation shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.

SCHEDULE "B"

Option Plan Resolution

"BE IT RESOLVED, as an ordinary resolution, that:

- (i) the stock option plan (the "**Plan**") of Block One Capital Inc. (the "**Corporation**"), be, and is hereby, affirmed, ratified and approved;
- (ii) the form of the Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Corporation and each director and officer of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation, to execute 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 this resolution, the execution and delivery of any such document or the doing of any such other act or thing being conclusive evidence of such determination; and
- (iii) notwithstanding this resolution having been duly passed by the shareholders of the Corporation, the directors of the Corporation be, and are hereby, authorized and empowered to revoke this resolution at any time prior to it being acted upon without further approval of the shareholders of the Corporation."