

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting (the "Meeting") of the shareholders of **Jazz Resources Inc.** (the "Company") will be held on **Thursday, March 29, 2018**, at Best Western Hotel, 1755 Davie Street, Vancouver, B.C., Canada, V6G 1W5, at the hour of 1:00 p.m. (Pacific Time) for the following purposes:

1. To receive and consider the audited financial statements of the Company for the financial year ended June 30, 2017, together with the auditor's report thereon;
2. To elect directors to hold office until the next Annual General Meeting and set the number of Directors at three (3);
3. To appoint an auditor for the Company for the ensuing financial year and to authorize the directors to fix the remuneration to be paid to the auditor;
4. To consider, and if thought fit, to pass an ordinary resolution to re-approve the Company's stock option plan, as described in the Information Circular accompanying this Notice of Annual General Meeting;
5. To transact such other business as may properly come before the Meeting or any adjournment thereof.

The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, this Notice of Annual General Meeting.

The Company's board of directors has fixed **February 20, 2018** as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and at any adjournment or postponement thereof. Each registered shareholder at the close of business on that date is entitled to such notice and to vote at the Meeting in the circumstances set out in the accompanying Information Circular.

If you are a registered shareholder of the Company and unable to attend the Meeting in person, please complete, date and sign the accompanying form of proxy and deposit it with the Company's transfer agent, Computershare Investor Services Inc., at their offices located on the 9th Floor, 100 University Avenue, Toronto ON M5J 2Y1, or by toll-free fax 1-866-249-7775 or internet by **1:00 PM** on **Tuesday, March 27, 2018** (Pacific Time), or at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) before the time and date of the Meeting or any adjournment or postponement thereof.

If you are a non-registered shareholder of the Company and received this Notice of Annual General Meeting and accompanying materials through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing that holds your security on your behalf (the "Intermediary"), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

**DATED** at Vancouver, British Columbia, this 26th day of February, 2018.

**BY ORDER OF THE BOARD**

**/s/ Rob Klenk**

**Rob Klenk**

President, Chief Executive Officer and Director

**JAZZ RESOURCES INC.**  
**Suite 2, 1493 Phoenix Street**  
**White Rock, British Columbia, V4B 3L1**  
**Phone: (604) 329-9092**

**INFORMATION CIRCULAR**

Dated February 26, 2018 (unless otherwise noted)

**SOLICITATION OF PROXIES**

This Information Circular is furnished in connection with the solicitation of proxies by the management ("Management") of **Jazz Resources Inc.** (the "Company") for use at the 2018 Annual General Meeting (the "Meeting") of the shareholders of the Company to be held at Best Western Hotel, 1755 Davie Street, Vancouver, B.C. V6G 1W5 on **Thursday, March 29, 2018** at 1:00 p.m. Pacific Time for the purposes set forth in the accompanying Notice of Annual General Meeting of shareholders, and at any adjournment thereof.

The solicitation will be made primarily by mail and may in addition be made by personal, electronic and telephone contact with shareholders by directors, officers and regular employees of the Company. No solicitation will be made by specifically engaged employees or soliciting agents. The Company does not reimburse shareholders, nominees or agents for the cost incurred in obtaining from their principals authorization to execute instruments of proxy, except that the Company has requested brokers and nominees who hold stock in their respective names to furnish this proxy material to their customers, and the Company will reimburse such brokers and nominees for their related out of pocket expenses. The cost of solicitation will be borne by the Company.

**RECORD DATE**

Jazz directors have set February 20, 2018 as the record date (the "**Record Date**") for determining which shareholders shall be entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date, who either attend the Meeting personally or complete and deliver the Form of Proxy in the manner and subject to the provisions discussed below, will be entitled to vote or to have their shares voted at the Meeting.

**PROXIES AND VOTING RIGHTS**

**Management Solicitation**

No person has been authorized to give any information or to make any representation other than as contained in this Information Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Information Circular shall not create, under any circumstances, any implication that there has been no change in the information set forth herein since the date of this Information Circular. This Information Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized, or in which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer of solicitation.

## **Appointment and Revocation of Proxies**

The individuals named in the accompanying form of proxy are directors or officers of the Company. **A shareholder eligible to vote at the Meeting has the right to appoint a person or a company, other than the persons designated in the accompanying form of proxy, who need not be a shareholder, to represent the shareholder and vote on the shareholder's behalf at the Meeting, and may do so either by inserting the name of that other person or company in the blank space provided in the form of proxy or by completing another suitable form of proxy.**

Shareholders are requested to date, sign and return the accompanying form of proxy for use at the Meeting if they are not able to attend the meeting personally. To be effective, forms of proxy must be received by the Company's registrar and transfer agent, Computershare Investor Services Inc., no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting (namely, by 1:00 p.m.(Pacific Time) on March 27, 2018) or any adjournment thereof at which the proxy is to be used. Proxies delivered by regular mail should be addressed to Computershare Investor Services Inc., 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department. Proxies delivered by facsimile must be sent to Computershare Investor Services Inc., Attention: Proxy Department, at (416) 263-9524 or toll free at 1 (866) 249-7775. To vote by internet, visit the website address shown on the form of proxy provided. Follow the online voting instructions given to you and vote over the internet referring to your holder account number and proxy access number provided on the form of proxy that was delivered to you.

All non-registered shareholders who receive these materials through a broker or other intermediary should complete and return the materials in accordance with the instructions provided to them by their broker or other intermediary.

A shareholder who has given a proxy may revoke it by an instrument in writing duly executed and delivered either to Computershare Investor Services Inc. or to the registered office of the Company at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, that precedes any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or of any reconvening thereof, or in any other manner provided by law. A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

## **Non-Registered Holders**

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are "non-registered" shareholders because the common shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the common 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 directors or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. ("CDS")) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 *Communications with Beneficial Owners of a Reporting Issuer* of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, Information Circular and form of proxy (collectively, the "Meeting Materials") to the clearing agencies 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. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders.

Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will receive either a voting instruction form or, less frequently, a form of proxy. Non-Registered Holders should follow the procedures set out below, depending on which type of form they receive.

- (a) **Voting Instruction Form.** In most cases, a Non-Registered Holder will receive, as part of the Meeting Materials, 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 (often called a "proxy authorization form") which the Intermediary must follow. If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder's behalf), the voting instruction form must be completed, signed and returned in accordance with the directions on the form. Voting instruction forms in some cases permit the completion of the voting instruction form by telephone or through the internet. If a Non-Registered Holder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder's behalf), the Non-Registered Holder must strike out the names of the persons named in the form and insert the Non-Registered Holder's (or such other person's) name in the blank space provided and complete, sign and return the voting instruction form in accordance with the directions provided. A form of proxy giving the right to attend and vote will then be forwarded to the Non-Registered Holder.
- (b) **Form of Proxy.** Less frequently, a Non-Registered Holder will receive, as part of the Meeting Materials, a form of 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. If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder's behalf), the Non-Registered Holder must complete the form of proxy and deposit it with Computershare Investor Services Inc. as provided above. If a Non-Registered Holder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder's behalf), the Non-Registered Holder must strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy.

In either case, the purpose of this procedure 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 one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the management proxy nominees named in the form and insert the Non-Registered Holder's name in the blank space provided. **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.**

## Exercise of Discretion

The nominees named in the enclosed form of proxy will vote or withhold from voting the common shares represented thereby in accordance with the instructions of the shareholder on any ballot that may be called for. If a shareholder specifies a choice with respect to any matter to be acted upon, the common shares will be voted accordingly. The proxy will confer discretionary authority on the nominees named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified; and
- (b) any other matter, including amendments to any of the foregoing, as may properly come before the Meeting or any adjournment thereof.

**In respect of a matter for which a choice is not specified in the proxy, or unless otherwise provided in the proxy, the nominees named in the accompanying form of proxy will vote the common shares represented by the proxy for the approval of such matter.**

As of the date of this Information Circular, management of the Company knows of no amendment, variation or other matter that may come before the Meeting, but if any amendment, variation or other matter properly comes before the Meeting each nominee intends to vote thereon in accordance with the nominee's best judgement.

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

As at the Record Date, there were a total of 19,151,605 common shares outstanding. Each common share entitles the holder thereof to one vote.

To the knowledge of Jazz's directors and executive officers the only persons or companies who beneficially own or control or direct, directly or indirectly, shares carrying 10% or more of the voting rights attached to Jazz's issued and outstanding common shares are as follows:

| <i>Name</i>                                  | <b>No. of Common Shares Owned</b> | <b>Percentage of Class<sup>(1)</sup></b> |
|----------------------------------------------|-----------------------------------|------------------------------------------|
| Keith W. Sigvardsen<br>Vancouver, BC, Canada | 2,644,460                         | 13.81%                                   |
| Kirk Fisher<br>Surrey, BC, Canada            | 3,000,000                         | 15.67%                                   |
| Robert Klenk<br>White Rock, BC, Canada       | 2,100,000                         | 10.96%                                   |

(1) The percentage is determined based on the number of outstanding common shares as at the Record Date.

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

No person who has been a director or an officer of the Company nor any proposed nominee at any time since the beginning of the Company's last completed financial year, or any associate of any such director or officer, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors.

## **FINANCIAL STATEMENTS**

The consolidated financial statements of Jazz for the fiscal year ended June 30, 2017 have been delivered to shareholders who have specifically requested that they be delivered. The financial statements are also available on the System for Electronic Document Analysis and Retrieval (SEDAR) website at [www.sedar.com](http://www.sedar.com).

## **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As at the close of business on **February 20, 2018**, the record date (the "Record Date") set for purposes of the Meeting, there were 19,151,605 common shares issued and outstanding. Each common share carries, on any poll at the Meeting, one vote.

Only shareholders of record at the close of business on the Record Date, who either personally attend the Meeting or who have completed and delivered a form of proxy or voting instruction form in the manner and subject to the provisions detailed therein, shall be entitled to vote or to have their common shares voted at the Meeting.

## **APPOINTMENT OF AUDITOR**

Unless directed otherwise by a proxy holder, the persons named in the accompanying proxy intend to vote the common shares represented by such proxy in favor of a resolution appointing Davidson & Co. LLP, Chartered Accountants, as auditor of the Company for the next ensuing year, to hold office until the close of the next annual general meeting of shareholders or until the firm of Davidson & Co. LLP is removed from office or resigns, at a remuneration to be fixed by the Company's board of directors (the "Board").

## **ELECTION OF DIRECTORS**

At the Meeting, shareholders will be asked to pass an ordinary resolution to set the number of directors of the Company for the ensuing year at three, subject to such increase as may be permitted by the articles of the Company. The persons named in the accompanying proxy intend to vote in favor of the resolution.

The directors of the Company are elected annually and hold office until the next Annual General Meeting of shareholders or until their successors are duly elected or appointed, or until such director's earlier death, resignation or removal. In the absence of instructions to the contrary, the common shares represented by a proxy will be voted for the nominees herein listed.

MANAGEMENT DOES NOT CONTEMPLATE THAT ANY OF THE NOMINEES WILL BE UNABLE TO SERVE AS A DIRECTOR. THE COMPANY HAS NOT RECEIVED NOTICE OF, AND MANAGEMENT IS NOT AWARE OF ANY PROPOSED NOMINEE IN ADDITION TO, THE NAMED NOMINEES.

The following persons are management's nominees for election as directors at the Annual General Meeting:

| <b>Name, Jurisdiction of Residence and Present Office Held<sup>(1)</sup></b> | <b>Director Since</b> | <b>Number of Shares Beneficially Owned, Directly or Indirectly, or over which Control or Direction is Exercised<sup>(1)</sup></b> | <b>Principal Occupation and, if Not Previously Elected, Principal Occupation during the Past Five Years<sup>(1)</sup></b> |
|------------------------------------------------------------------------------|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| Kirk Fisher <sup>(2)</sup><br>British Columbia, Canada<br>Director           | March 24 2017         | 3,000,000<br>common shares                                                                                                        | Senior vice president<br>Lark Group                                                                                       |
| Steve Silveira <sup>(2)</sup><br>British Columbia, Canada<br>Director        | March 24 2017         | 0                                                                                                                                 | Retired Forest Industry<br>Executive                                                                                      |
| Robert Klenk <sup>(2)</sup><br>British Columbia, Canada<br>Director          | February 1,<br>2016   | 2,100,000                                                                                                                         | Former investment advisor,<br>CEO of Jazz Resources                                                                       |

Notes:

- (1) The information as to province and country of residence, shares beneficially owned directly or indirectly or over which control or direction is exercised and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (2) Member of Audit Committee.

### **Corporate Cease Trade Orders and Bankruptcies**

None of the proposed directors of the Company:

- (a) is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:
  - (i) 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
  - (ii) 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,
- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or

had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

### **Penalties or Sanctions**

No proposed 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 securityholder in deciding whether to vote for a proposed director.

### **EXECUTIVE COMPENSATION**

#### **Definitions**

For the purpose of this Information Circular:

"Chief Executive Officer" or "CEO" means each individual who acted as chief executive officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;

"Chief Financial Officer" or "CFO" means each individual who acted as chief financial officer of the Company or acted in a similar capacity for any part of the most recently completed financial year.

"closing market price" means the price at which the Company's security was last sold, on the applicable date, on the TSX Venture Exchange.

"executive officer" means an individual who at any time during the most recently completed financial year was:

- (a) a chair, vice-chair or president of the Company;
- (b) a vice-president of the Company in charge of a principal business unit, division or function including sales, finance or production; or
- (c) performing a policy-making function in respect of the Company.

"incentive plan" means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period.

"incentive plan award" means compensation awarded, earned, paid or payable under an incentive plan.

"Named Executive Officers" or "NEOs" means the following individuals:

- (a) each CEO;
- (b) each CFO;

- (c) each of the Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, 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 for that financial year; and
- (d) each additional individual who would be a NEO under (c) above, but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year.

"option-based award" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features.

"plan" includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other property may be received, whether for one or more persons.

"share-based award" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Executive Officers of the Company**

Rob Klenk, President and Chief Executive Officer, and Byron Nutting, Chief Financial Officer and are each a Named Executive Officer of the Company for the financial year ended June 30, 2017.

### **Currencies**

All financial amounts are stated in Canadian dollars unless otherwise indicated.

### **Compensation Discussion and Analysis**

#### *Philosophy and Objectives*

The compensation program for the senior management of the Company is designed to ensure that the level and form of compensation achieves certain objectives, including:

- To align executive compensation with shareholders' interests;
- To attract and retain highly qualified management;
- To focus performance by linking incentive compensation to the achievement of business objectives and financial results; and
- To encourage retention of key executives for leadership succession.

The Company's executive compensation program comprises three elements: base salary, bonus incentives and equity participation. The compensation program is designed to pay for performance. Employees, including senior executives, are rewarded for the achievement of annual operating and financial goals, progress in executing the Company's long-term growth strategy and delivering strong total shareholder return performance.

The Company reviews industry compensation information and compares its level of overall compensation with those of comparable sized mineral exploration companies. Generally, the Company targets base management fees at levels approximating those holding similar positions in comparably sized companies in the industry and hopes to achieve competitive compensation levels through the fixed and variable components.

The Company's total compensation mix places a significant portion of the executive's compensation at risk and relies heavily on the award of stock options. The design takes into account individual and corporate performance. Compensation practices, including the mix of base management fees, short-term incentives and long-term incentives, are regularly assessed to ensure they are competitive, take account of the external market trends and support the Company's long-term growth strategies. Due to the early stage of the Company's development programs, the flexibility to quickly increase or decrease appropriate human resources is critical. Accordingly, the Company does not enter into long-term commitments with its officers.

#### *Base Compensation*

In the Board's view, paying base salaries or management fees which are competitive in the markets in which the Company operates is a first step to attracting and retaining talented, qualified and effective executives. Base compensation is compensation for discharging job responsibilities and reflects the level of skills and capabilities demonstrated by the executive. Annual adjustments take into account the market value of the role and the executive's demonstration of capability during the year.

#### *Bonus Incentive Compensation*

The Company's objective is to achieve certain strategic objectives and milestones. The Board will consider executive bonus compensation dependent upon the executive meeting those strategic objectives and milestones, the executive's individual performance and sufficient cash resources being available for the granting of bonuses. The Board approves executive bonus compensation dependent upon comparable compensation levels based on recommendations of the Board as a whole, and such recommendations are generally based on survey data provided by independent consultants.

#### *Equity Participation*

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's stock option plan. Stock options are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. The amounts and terms of options granted are determined by the Board.

#### *Option-Based Awards*

Stock options are granted to provide an incentive to the directors, officers, employees and consultants of the Company to achieve the long-term objectives of the Company; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Company; and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire and increase proprietary interest in the Company. The Company awards stock options to its executive officers based upon the recommendation of the Board, which recommendation is based upon the Board's review of a proposal from the Chief Executive Officer. Previous grants of incentive stock options

are taken into account when considering new grants. Implementation and amendments to the existing stock option plan are the responsibility of the Board.

### Summary Compensation Table

The following table sets forth the total compensation paid to or earned by the Named Executive Officers of the Company for the Company's three most recently completed financial years that end on or before June 30, 2017.

| Name and Principal Position              | Year Ended | Salary (\$) | Share-Based Awards (\$) | Option-Based Awards <sup>(1)</sup> (\$) | Non-Equity Incentive Plan Compensation (\$) |                           | Pension Value (\$) | All Other Compensation Paid or Accrued (\$) | Total Compensation (\$) |
|------------------------------------------|------------|-------------|-------------------------|-----------------------------------------|---------------------------------------------|---------------------------|--------------------|---------------------------------------------|-------------------------|
|                                          |            |             |                         |                                         | Annual Incentive Plans                      | Long-Term Incentive Plans |                    |                                             |                         |
| Rob Klenk<br>Chief Executive Officer     | 2017       | Nil         | Nil                     | Nil                                     | Nil                                         | Nil                       | Nil                | 75,000                                      | 75,000                  |
|                                          | 2016       | Nil         | Nil                     | Nil                                     | Nil                                         | Nil                       | Nil                | 82,230                                      | 82,230                  |
|                                          | 2015       | Nil         | 15,000                  | 64,350                                  | Nil                                         | Nil                       | Nil                | 15,150                                      | 94,500                  |
| Byron Nutting<br>Chief Financial Officer | 2017       | Nil         | Nil                     | Nil                                     | Nil                                         | Nil                       | Nil                | 8,000                                       | 8,000                   |
|                                          | 2016       | Nil         | Nil                     | 4,690                                   | Nil                                         | Nil                       | Nil                | 6,000                                       | 10,690                  |
|                                          | 2015       | Nil         | Nil                     | 4,290                                   | Nil                                         | Nil                       | Nil                | Nil                                         | 4,290                   |

Notes:

- (1) The Company employed the Black-Scholes option pricing method to calculate the grant date fair value as it is a widely used and relatively objective methodology. The closing market price of the common shares on the TSX Venture Exchange (the "TSXV") as of June 30, 2017, the last trading day of the Company's common shares for the financial year, was \$0.07 per share and the cost attributable to the options are \$0.0938 per share. For key assumptions and estimates used for this calculation please see the Annual Audited Financial Statements for the year ended June 30, 2016.
- (2) Mr. Nutting was appointed Chief Financial Officer on August 1, 2005.

### All Other Compensation

All other compensation includes compensation paid or accrued for professional services provided as a business consultant for the Company. There are no director or officer fees payable while acting in the role of a director or officer of the Company to either of the Named Executive Officers.

### Incentive Plan Awards

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

The following table sets forth information concerning all share-based and option-based awards outstanding at the end of the most recently completed financial year end, namely June 30, 2017, for each Named Executive Officer to purchase or acquire securities of the Company. For more information about the Company's stock option plan, see "Particulars of Other Matters To Be Acted Upon – Approval of Stock Option Plan".

|                                               | Option-based Awards                                     |                            |                        |                                                               | Share-based Awards                                          |                                                                        |                                                                               |
|-----------------------------------------------|---------------------------------------------------------|----------------------------|------------------------|---------------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| Name                                          | Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$) | Number of Shares or Units of Share that have not Vested (#) | Market or Payout Value of Share-Based Awards that have not Vested (\$) | Market or Payout Value of Share-Based Awards not paid out or distributed (\$) |
| Robert Klenk, <i>Chief Operations Officer</i> | 750,000                                                 | \$0.10                     | June 1, 2020           | Nil                                                           | N/A                                                         | N/A                                                                    | N/A                                                                           |
| Byron Nutting, <i>Chief Financial Officer</i> | 100,000                                                 | \$0.10                     | June 1, 2020           | Nil                                                           | N/A                                                         | N/A                                                                    | N/A                                                                           |

Notes:

- (1) Value of "in-the-money options" is calculated based on the difference between the closing market price of the common shares underlying the options at the end of the most recently completed financial year and the exercise price of the options. The closing market price of the common shares on the TSXV as of June 30, 2017, the last trading day of the Company's common shares for the financial year, was \$0.07 per share.

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

The following table summarizes, for each of the Named Executive Officers, the value of options vested during the year ended June 30, 2017.

| Name       | Option-Based Awards – Value Vested During the Year (\$) <sup>(1)</sup> | Share-Based Awards – Value Vested During the Year (\$) | Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$) |
|------------|------------------------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------------------------|
| R. Klenk   | Nil                                                                    | Nil                                                    | Nil                                                                        |
| B. Nutting | Nil                                                                    | Nil                                                    | Nil                                                                        |

Notes:

- (1) Value is calculated based on the difference between the closing market price of the common shares underlying the options and the exercise price of the options under the option-based award on the vesting date.

#### **Pension Plan Benefits**

No pension or retirement benefit plans have been instituted by the Company and none are proposed at this time.

## Termination and Change of Control Benefits

The Company is not a party to any contract, agreement, plan or arrangement that provides for payments to its Named Executive Officers at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company or a change in any of its Named Executive Officer's responsibilities.

## **STATEMENT OF DIRECTOR COMPENSATION**

The Company currently has three directors, one of which is also a Named Executive Officer, namely Robert Klenk.

During the Company's most recently completed financial year, there were no standard compensation arrangements, or other arrangements in addition to or in lieu of standard arrangements, under which the directors of the Company were compensated for services in their capacity as directors (including any additional amounts payable for committee participation or special assignments), or for services as consultants or experts.

### **Director Compensation Table**

The following table sets forth the value of all compensation provided to the directors of the Company for the Company's most recently completed financial year ended June 30, 2017:

| <b>Name <sup>(1)</sup></b> | <b>Fees Earned (\$)</b> | <b>Share-Based Awards (\$)</b> | <b>Option Based Awards (\$)<sup>(2)</sup></b> | <b>Non-Equity Incentive Plan Compensation (\$)</b> | <b>Pension Value</b> | <b>All Other Compensation (\$)</b> | <b>Total (\$)</b> |
|----------------------------|-------------------------|--------------------------------|-----------------------------------------------|----------------------------------------------------|----------------------|------------------------------------|-------------------|
| Kirk Fisher                | Nil                     | Nil                            | Nil                                           | Nil                                                | Nil                  | Nil                                | Nil               |
| Steve Silveira             |                         | Nil                            | Nil                                           | Nil                                                | Nil                  | 1,696                              | 1,696             |

Notes:

- (1) For the compensation of Byron Nutting and Robert Klenk who are Named Executive Officers of the Company, see "Statement of Executive Compensation – Summary Compensation Table".
- (2) The Company employed the Black-Scholes option pricing method to calculate the grant date fair value as it is a widely used and relatively objective methodology. The closing market price of the common shares on the TSXV as of June 30, 2017, the last trading day of the Company's common shares for the financial year, was \$0.07 per share and the common shares were valued at \$0.0938 per share as per the Black-Scholes pricing model.

### **All Other Compensation**

All other compensation includes fees paid to independent directors for services provided while acting in the role of independent director in addition to professional consulting services (if any).

### **Incentive Plan Awards**

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

As of the date hereof, the Company has not granted any share-based awards to its directors. The following table sets forth the options granted by the Company to its directors to purchase or acquire securities of the Company outstanding at the end of the most recently completed financial year. For

more information about the Company's stock option plan, see "Particulars of Other Matters To Be Acted Upon – Approval of Stock Option Plan."

| Name <sup>(1)</sup> | Option-based Awards                                     |                            |                        |                                                               | Share-based Awards                                           |                                                                        |
|---------------------|---------------------------------------------------------|----------------------------|------------------------|---------------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------------------|
|                     | Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Value of Unexercised In-the-Money Options <sup>(2)</sup> (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) |
| Kirk Fisher         | Nil                                                     | N/A                        | N/A                    | N/A                                                           | N/A                                                          | N/A                                                                    |
| Steve Silveira      | Nil                                                     | N/A                        | N/A                    | N/A                                                           | N/A                                                          | N/A                                                                    |

Notes:

- (1) For the outstanding option-based awards to Robert Klenk who is a recently Named Executive Officer of the Company, see "Statement of Executive Compensation – Incentive Plan Awards – Outstanding Share-Based and Option-Based Awards".
- (2) Value of "in-the-money options" is calculated based on the difference between the closing market price of the common shares underlying the options at the end of the most recently completed financial year and the exercise price of the options. The closing market price of the common shares on the TSXV as of June 30, 2017, the last trading day of the Company's common shares for the financial year, was \$0.07 per share.

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

The following table summarizes the value of each incentive plan award vested or earned by each Director who is not a NEO during the financial year ended June 30, 2016.

| Name <sup>(1)</sup> | Option-Based Awards – Value Vested During the Year (\$) <sup>(2)</sup> | Share-Based Awards – Value Vested During the Year (\$) | Non-Equity Incentive Plan Compensation - Value Earned During the Year (\$) |
|---------------------|------------------------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------------------------|
| Kirk Fisher         | Nil                                                                    | Nil                                                    | Nil                                                                        |
| Steve Silveira      | Nil                                                                    | Nil                                                    | Nil                                                                        |

Notes:

- (1) For the compensation of Byron Nutting and Robert Klenk who are Named Executive Officers of the Company, see above.
- (2) Calculated based on the difference between the market price of the shares underlying the options and the exercise price of the options under the option-based award on the vesting date.

#### **Plan-based Awards**

The significant terms of the Company's stock option plan are set out below under the heading "Particulars of Matters to be Acted Upon – Approval of Stock Option Plan".

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

The Company has no compensation plans under which equity securities are authorized for issuance as at the fiscal year ended June 30, 2016, with the exception of the Company's stock option plan.

The following table sets forth information with respect to the Company's stock option plan as at the year ended June 30, 2016.

## Equity Compensation Plan Information

| Plan Category                                             | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) |
|-----------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| Equity compensation plans approved by securityholders     | 1,900,000                                                                                   | \$0.10                                                                      | 1,930,200 <sup>(1)</sup>                                                                                                                    |
| Equity compensation plans not approved by securityholders | -                                                                                           | -                                                                           | -                                                                                                                                           |
| Total                                                     | 1,900,000                                                                                   | \$0.10                                                                      | 1,930,200                                                                                                                                   |

Notes:

- (1) This figure is based on the total number of common shares authorized for issuance under the Company's stock option plan, less the number of stock options outstanding as at the Company's year ended June 30, 2017. As at June 30, 2017, the Company was authorized to issue a total of 3,830,200 stock options.

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

None of the individuals who are, or at any time during the most recently completed year were, directors or executive officers of the Company or any of its subsidiaries, the proposed nominees for election as a director or associate of such persons is or has been indebted to the Company (other than routine indebtedness) at any time since the beginning of the most recently completed financial year, or is a person whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

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

For the purposes of this Information Circular, "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% 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 own securities, for so long as it holds any of its securities. No informed person, no proposed director of the Company and no associate or affiliate of any such informed person or proposed director, has any material interest, direct or indirect, in any material transaction since the commencement of the Company's last completed financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company.

## **CORPORATE GOVERNANCE**

### **General**

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. National Policy 58-201 - *Corporate Governance Guidelines* provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, National Instrument 58-101 - *Disclosure of Corporate Governance Practices* prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

### **Board of Directors**

The Board facilitates its exercise of independent supervision over the Company's management through frequent communication with the Board.

As of the date of this Information Circular, the following persons are the directors of the Company:

|                |                                |
|----------------|--------------------------------|
| Robert Klenk   | Not Independent <sup>(1)</sup> |
| Kirk Fisher    | Independent                    |
| Steve Silveira | Independent                    |
|                |                                |

Notes:

(1) The Company considers a member of the Board as "Not Independent" if he has a direct or indirect "material relationship" with the Company as set out in National Instrument 52-110 – *Audit Committees*.

### **Directorships**

None of the directors, or nominees for director, are also directors or officers of other reporting issuers.

### **Orientation and Continuous Education**

The Company does not currently have a formal orientation program for new Board members nor does it provide continuing education for its directors. The Board is currently composed of three directors, two of whom are officers of the Company, all whom are experienced business persons. All directors have previous experience with public companies. As a result, orientation or continuing education programs are not anticipated at this time.

### **Ethical Business Conduct**

The Company has not taken any formal steps to promote a culture of ethical business conduct, but the Company and management are committed to conducting business in an ethical manner. This is accomplished by management actively doing the following in its administration and conduct of the Company's business:

1. The promotion of integrity and deterrence of wrongdoing.
2. The promotion of honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest.
3. The promotion of avoidance or absence of conflicts of interest.
4. The promotion of full, fair, accurate, timely and understandable disclosure in public communications made by the Company.

5. The promotion of compliance with applicable governmental laws, rules and regulations.
6. Providing guidance to the Company's directors, officers and employees to help them recognize and deal with ethical issues.
7. Helping foster a culture of integrity, honesty and accountability throughout the Company.

### **Nomination of Directors**

The Board as a whole is responsible for identifying and evaluating qualified candidates for nomination to the Board.

In identifying candidates, the Board considers the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess.

### **Compensation**

The Board reviews, as needed, compensation to directors and to officers with respect to industry comparables and with regards to the particular circumstances of the Company and the position.

### **Other Board Committees**

The Board has not established any committees other than the Audit Committee.

### **Assessments**

The Board collectively conducts informal annual assessments of the Board's effectiveness, its individual directors and its individual committees.

## **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

National Instrument 52-110 – *Audit Committees* ("NI 52-110") requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth below.

### **The Audit Committee's Charter**

The following Audit Committee Charter was adopted by the Audit Committee and the Board:

1. Members. The Board of Directors will appoint an Audit Committee of at least three (3) members, a majority of whom should be "independent" directors of the Board. "Independent" means a director who meets the definition of "independence" under National Instrument 52-110 or any successor policy promulgated by securities regulatory authorities

All members of the Audit Committee should be "financially literate". An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. Each

appointed member of the Audit Committee shall be subject to annual reconfirmation and may be removed by the Board of Directors at any time.

2. Purposes, Duties, and Responsibilities. The Audit Committee represents the Board of Directors in discharging its responsibility relating to the accounting, reporting and financial practices of the Company and its subsidiaries, and has general responsibility for oversight of internal controls, accounting and audit activities and legal compliance of the Company and its subsidiaries; however, the Audit Committee's function shall not relieve the Company's management of its responsibilities for preparing financial statements which accurately and fairly present the Company's financial results and conditions or the responsibilities of the independent accountants relating to the audit or review of financial statements. Specifically, the Audit Committee will:

- (a) Recommend to the Board of Directors the appointment (including terms of appointment such as compensation and scope of duties) and discharge the external auditor of the Company (the "auditor") who perform the annual audit or other audit, review or attest services in accordance with applicable securities laws, which auditor shall be ultimately accountable to the Board of Directors through the Audit Committee. The auditor of the Company must report directly to the Audit Committee;
- (b) Have the authority to communicate directly with the auditor of the Company;
- (c) Review with the auditor the scope of the audit and the results of the annual audit examination by the auditor and any reports of the auditor with respect to reviews of interim financial statements or other audit, review or attest services. The Audit Committee will be responsible for resolving any disagreements between management and the auditor regarding financial reporting;
- (d) Review information, including written statements, if any, from the auditor concerning any relationships between the auditor and the Company or any other relationships that may adversely affect the independence of the auditor and assess the independence of the auditor;
- (e) Review and discuss with management and the auditor the Company's annual audited financial statements prior to their public disclosure, including a discussion with the auditors of their judgments as to the quality of the Company's accounting principles;
- (f) Review the Company's financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information;
- (g) Review the services to be provided by the auditor to assure that the auditor does not undertake any engagement for services for the Company that would constitute prohibited services under applicable securities laws under the rules of any stock exchange or trading market on which the Company's common shares are listed for trading, or could be viewed as compromising the auditor's independence. The Audit Committee must pre-approve all non-audit services to be provided to the Company or its subsidiaries by the auditor;
- (h) Review with management and the auditor the results of any significant matters identified as a result of the auditor's interim review procedures prior to the filing of each quarterly financial statements or as soon thereafter as possible;

- (i) Review the annual program for the Company's internal audits, if any, and review audit reports submitted by the internal auditing staff, if any;
- (j) Periodically review the adequacy of the Company's internal controls;
- (k) Review changes in the accounting policies of the Company and accounting and financial reporting proposals that are provided by the auditor that may have a significant impact on the Company's financial reports, and make comments on the foregoing to the Board of Directors;
- (l) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer;
- (m) Periodically review the adequacy of this Audit Committee Charter;
- (n) Make reports and recommendations to the Board of Directors within the scope of its functions;
- (o) Approve material contracts where the Board of Directors determines that it has a conflict;
- (p) Establish procedures for receipt, retention and treatment of complaints received by the Company regarding auditing, internal accounting controls or accounting matters and establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (q) Where considered necessary by the Audit Committee to carry out its duties, have the authority to engage independent counsel and/or other advisors at the Company's expense upon the terms and conditions, including compensation, determined by the Audit Committee;
- (r) Satisfy itself that management has put into place procedures that facilitate compliance with the disclosure and financial reporting controls provisions of applicable securities laws, including adequate procedures for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements. The Audit Committee will assess the adequacy of these procedures annually;
- (s) Review all loans to officers;
- (t) Review and monitor all related party transactions which may be entered into by the Company as required by rules of the stock exchange or trading market upon which the Company's common shares are listed for trading;
- (u) Ensure all public disclosure regarding the audit committee is made in compliance with applicable stock exchange rules and securities legislation.

3. Meetings. The Audit Committee will, when expedient, meet to review the Company's quarterly and annual financial statements and MD&A, and will hold special meetings as it deems necessary or appropriate in its judgment. The Audit Committee will endeavor to meet at any time that the auditor believes that communication to the Audit Committee is required. As it deems appropriate, but not less than once each year, the Audit Committee will meet in private session with the independent accountants. The majority of the members of the Audit Committee constitutes a quorum and shall be

empowered to act on behalf of the Audit Committee. The members of the Audit Committee will designate one member as chair. Meetings may be held in person or by telephone, and shall be at such times and places as the Audit Committee determines.

### Composition of the Audit Committee

The following are the members of the Audit Committee:

|                | Independent <sup>(1)</sup> | Financially Literate <sup>(2)</sup> |
|----------------|----------------------------|-------------------------------------|
| Kirk Fisher    | yes                        | yes                                 |
| Robert Klenk   | no                         | yes                                 |
| Steve Silveira | yes                        | yes                                 |

Notes:

- (1) A member of the Audit Committee is independent if he has no direct or indirect 'material relationship' with the Company. A material relationship is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgment. An executive officer of the Company, such as the President or Secretary, is deemed to have a material relationship with the Company.
- (2) A member of the Audit Committee is financially literate if he has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

### Relevant Education and Experience

#### *Kirk Fisher*

Mr. Fisher is the senior vice president of Lark Group.

#### *Robert Klenk*

Mr. Klenk has extensive experience in the investment and finance fields. He holds an MBA in finance.

#### *Steve Silveira*

Mr. Silveira is a retired forest industry executive.

### Audit Committee Oversight

At no time since the commencement of the Company'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 Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis* Non-audit Services), 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 as set out in Section 2(g) of the Audit Committee Charter which is reproduced above.

## External Auditor Service Fees (By Category)

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

| Financial Year Ending | Audit Fees <sup>(1)</sup> | Audit Related Fees <sup>(2)</sup> | Tax Fees <sup>(3)</sup> | All Other Fees <sup>(4)</sup> |
|-----------------------|---------------------------|-----------------------------------|-------------------------|-------------------------------|
| June 30, 2017         | \$22,440                  | Nil                               | \$2,500                 | Nil                           |
| June 30, 2016         | \$22,440                  | Nil                               | \$2,500                 | Nil                           |

Notes:

- (1) The aggregate fees billed by the Company's auditor for audit fees.
- (2) The aggregate fees billed for assurance and related services by the Company's auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not disclosed in the 'Audit Fees' column.
- (3) The aggregate fees billed for professional services rendered by the Company's auditor for tax compliance, tax advice and tax planning. These services include the filing of the Company's annual tax returns.
- (4) The aggregate fees billed for professional services other than those listed in the other three columns.

## Exemption

The Company is relying upon the exemptions set out in section 6.1 of NI 52-110 with respect to compliance with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of the Instrument.

## 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 OTHER MATTERS TO BE ACTED UPON

### Re-Approval of Stock Option Plan

The Company currently has a stock option plan (the "Option Plan") pursuant to which its directors, officers, employees and consultants may be granted options to acquire common shares as an incentive mechanism to foster their interest in the success of the Company and to encourage their proprietary ownership of the Company. The Option Plan was approved by shareholders on June 15, 2012.

Under the Option Plan, the aggregate number of common shares issuable upon exercise of options granted thereunder may not exceed 20% of the total number of outstanding common shares of the Company at the time the options are granted. Further, the aggregate number of common shares issuable upon the exercise of the options granted thereunder to any one individual may not exceed 5% of the total number of outstanding common shares of the Company. The number of options granted to any one consultant, or a person employed to provide investor relations activities, in any 12 month period must not exceed 2% of the total issued common shares of the Company. Options issued pursuant to the Option Plan must have an exercise price not less than that from time to time permitted by the stock exchange on which the common shares are then listed. The period during which an option may be exercised shall be determined by the Board at the time the option is granted, subject to any vesting

limitations which may be imposed by the Board at the time such option is granted, provided no option shall be exercisable for a period exceeding ten years from the date the option is granted.

The options granted under the Option Plan expire on the earlier of the date of the expiration of the option period noted above and in the case of optionees who are directors, officers, employees or consultants, must expire within a reasonable period not exceeding one year after the date a holder ceases to hold the position or positions of director, officer, employee or consultant of the Company and within 30 days for any optionee engaged in investor relations activities. In the event of the death or permanent disability of a holder, any option previously granted to him shall be exercisable until the end of the option period noted above or until the expiration of 12 months after the date of death or permanent disability of such option holder, whichever is earlier.

The Option Plan may be further amended by the board of directors subject to TSXV approval and in certain circumstances, shareholder approval.

In the event of a sale by the Company of all or substantially all of its assets or in the event of a change in control of the Company, each holder shall be entitled to exercise, in whole or in part, the options granted to such holder, either during the term of the option or within 90 days after the date of the sale or change of control, whichever first occurs. In addition to the terms of the Option Plan mentioned above, the policies of the TSXV require approval by the affirmative vote of a majority of the votes cast at the Meeting, other than the votes attaching to the common shares beneficially owned by the insiders of the Company to whom the options may be granted pursuant to the Option Plan, or their associates to the Company, in respect of the following:

- (a) Decreasing the exercise price of stock options previously granted to insiders;
- (b) Issuing to insiders, upon the exercise of stock options, within a one year period, common shares exceeding 10% of the outstanding listed shares; and
- (c) Issuing to any one insider and such insider's associates, upon the exercise of stock options, within a one year period, common shares exceeding 5% of the outstanding listed shares.

A copy of the Option Plan may be obtained upon request from the Company at Unit 5, 2330 Tyner Street, Port Coquitlam, British Columbia, V3C 2Z1.

Accordingly, the shareholders of the Company will be asked at the Meeting to pass an ordinary resolution, the text of which will be substantially in the form as follows:

**"Resolved, as an ordinary resolution, that:**

1. the Company's Option Plan, approved by the shareholders on June 15, 2008 be and is hereby ratified, re-approved and re-confirmed including the reserving for issuance under the Option Plan at any time of a maximum of 20% of the issued and outstanding common shares of the Company, subject to any amendments that may be required by the TSX Venture Exchange;
2. the Company be authorized to abandon or terminate all or any part of the Option Plan if the directors of the Company deem it appropriate and in the best interests of the Company to do so;
3. the Company be and is hereby authorized to grant options pursuant and subject to the terms and conditions of the Option Plan;

4. the Company be and is hereby authorized, at the discretion of the directors, to amend the exercise price of previously granted option agreements, without further approval by the shareholders, all in accordance with the policies of the TSX Venture Exchange; and
5. any one or more of the directors and officers of the Company be authorized and directed to perform all such acts, deeds and things and execute, under the seal of the Company or otherwise, all such documents and other writings, including treasury orders, stock exchange and securities commissions forms, as may be required to give effect to the true intent of this resolution."

#### **Recommendation of the Company's Directors**

The directors have reviewed and considered all facts respecting the foregoing matters that they have considered to be relevant to shareholders. It is the unanimous recommendation of the Company's directors that shareholders vote for passage of the foregoing resolutions.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information relating to the Company is included in the Company's comparative audited financial statements for the year ended June 30, 2017 and management discussion analysis and the accompanying auditors' report. Copies of the comparative annual financial statements and management and discussion analysis, as well as additional copies of this Information Circular, may be obtained on SEDAR or upon request from the Company at:

#### **JAZZ RESOURCES INC.**

Suite 2, 1493 Phoenix Street  
White Rock, British Columbia, V4B 3L1  
Phone: (604) 329-9092

#### **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 matter properly come before the Meeting, the common 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 18th day of February 2018

**ON BEHALF OF THE BOARD OF DIRECTORS**

***/s/ Rob Klenk***

*Rob Klenk*  
President, Chief Executive Officer and Director

