



# TARGET CAPITAL INC.

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## **NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS AND MANAGEMENT INFORMATION CIRCULAR**

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*THIS NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF TARGET CAPITAL INC. OF PROXIES TO BE VOTED ON AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF TARGET CAPITAL INC. TO BE HELD ON WEDNESDAY SEPTEMBER 13, 2017.*

### **TO BE HELD AT:**

Suite 2300, 125-9th Avenue S.E., Calgary, Alberta

### **ON:**

September 13, 2017  
10:00 a.m., Calgary Time

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# NOTICE OF 2017 ANNUAL GENERAL

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## **When**

Wednesday September 13, 2017 at 10:00 a.m. (Calgary time)

## **Where**

2300, 125 - 9th Avenue S.E., Calgary, Alberta

## **Business of the meeting**

- to receive and consider the audited financial statements of the Corporation dated March 31, 2017, and the report of the external auditor thereon;
- to elect the Board of Directors of the Corporation for the ensuing year;
- to appoint the auditor of the Corporation for the ensuing year and to authorize the Board of Directors to fix the auditor's remuneration; and
- to transact such other business as may be properly brought before the meeting or any adjournment thereof.

## **You have the right to vote**

You have the right to vote at our Annual General Meeting of Shareholders if you are a Target Capital Inc. shareholder as of the close of business on August 9, 2017.

## **Your vote is important**

As a Target Capital Inc. shareholder, it is important that you read the accompanying Management Information Circular carefully.

You are entitled to vote at the Annual General Meeting either in person or by proxy. If you are unable to attend the Annual General Meeting in person, you are requested to vote your shares using the enclosed form of proxy or voting instruction form. Registered shareholders should complete and sign the enclosed form of proxy and return it in the envelope provided. Proxies must be received by Target Capital Inc.'s transfer agent, CST Trust Company of Canada, 600, 333-7th Avenue S.W. Calgary, Alberta T2P 3S8 by no later than 10:00 a.m. (Calgary time) on September 11, 2017.

Non-registered shareholders should follow the voting instruction form or other form of proxy provided by their intermediaries with respect to the procedures to be followed for voting.

**DATED** this 9th day of August, 2017.

**BY ORDER OF THE BOARD OF DIRECTORS**

Signed Rick Skauge

**Rick Skauge**

Chief Executive Officer and Director

# BOARD OF DIRECTORS APPROVAL

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All information in this management information circular is as of August 9, 2017, unless otherwise indicated.

In this management information circular, you and your refers to Target Capital Inc. shareholders. We, us, our, the Company, the Corporation and Target refers to Target Capital Inc.

**This management information circular is provided in connection with our Annual General Meeting of Shareholders to be held on September 13, 2017. Your proxy is solicited by management of Target for the items described in the notice on the previous page.**

As a shareholder, you have the right to attend and vote at this meeting. Please read this management information circular. It gives you information you need to know to cast your vote. We also encourage you to read our Annual Report, which includes the annual financial statements and management discussion and analysis of Target as of our financial year ended March 31, 2017. A copy of the Annual Report has been sent to registered and beneficial shareholders who requested it and is available on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

A substantial number of shareholders do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to as “Beneficial Shareholders”) should note that only proxies deposited by shareholders whose names appear on the records maintained by the Corporation’s registrar and transfer agent as registered holders of Common Shares can be recognized and acted upon at the Meeting. However, there are other ways to vote Common Shares held by your broker or nominee. Applicable regulatory policy requires intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Each intermediary or broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the Instrument of Proxy provided directly to registered shareholders by the Corporation.

The Board of Directors has approved the contents of this management information circular, and has authorized it to be sent to every shareholder. We pay for all costs associated with soliciting your proxy. We usually make our request by mail, but we may also solicit your proxy by telephone or in person.

**BY ORDER OF THE BOARD OF DIRECTORS**

Signed Rick Skauge

**Rick Skauge**

Chief Executive Officer and Director

## **WHO CAN VOTE**

Target has one class of voting share in issue and they are Common Shares. Each Common Share you own as of the close of business on August 9, 2017 entitles you to one vote.

### **Common Shares**

If you own Common Shares you can vote on the following items:

- Electing five (5) directors
- The appointment of the external auditor and authorizing the directors to set their compensation
- Any other business that may properly come before the meeting.

As of August 9, 2017, Target had 3,851,863 Common Shares issued and outstanding. The Directors and Officers of the Corporation are not aware of any person or Corporation that beneficially owns, directly or indirectly, or exercises control or direction over more than 10 percent of the total issued and outstanding Common Shares, other than those listed below:

<b>Name of Shareholder</b>	<b>Number of Common Shares beneficially owned, directly or indirectly</b>	<b>Percentage of Common Shares beneficially owned, directly or indirectly</b>
Rick Skauge	2,116,281 (1)	54.94%
Craig Skauge	722,094 (2)	18.75%

Note:

- (1) Of the 2,166,281 Common Shares controlled by Rick Skauge, 462,500 Common Shares are held personally; 1,653,781 Common Shares are held by Tarman Inc. (a company controlled by Rick Skauge).
- (2) Of the 722,094 Common Shares controlled by Craig Skauge, 722,094 are held by Transparent Investments Inc. (a company controlled by Craig Skauge).

## **QUESTION AND ANSWERS ON PROXY VOTING**

### **Q: What am I voting on?**

A: Holders of Common Shares are voting on the election of 5 directors to the Board of Target and the appointment of the external auditors.

### **Q: Who is entitled to vote?**

A: Holders of Common Shares as at the close of business on August 9, 2017, are entitled to vote. Each Common Share is entitled to one vote on the items of business identified above.

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**Q: How do I vote?**

A: If you are a registered shareholder, you may vote in person at the meeting or you may sign the enclosed form of proxy appointing the named persons or another person you choose, who need not be a shareholder, to represent you as proxy holder and vote your shares at the meeting.

**Q: What if I plan to attend the meeting and vote in person?**

A: If you are a registered shareholder, plan to attend the meeting on September 13, 2017 and wish to vote your shares in person at the meeting, you do not need to complete and return the form of proxy. Please register with the transfer agent, CST Trust Company of Canada, upon arrival at the meeting. Your vote will be taken and counted at the meeting.

**Q: How do I vote shares registered in the name of two or more owners?**

A: To vote shares registered in the name of two or more owners, all registered owners must sign the enclosed form of proxy. The completed proxy form must be returned to Target's transfer agent, CST Trust Company of Canada. These shares cannot be voted by telephone or through the Internet.

**Q: How do I vote shares registered in the name of a corporation or other legal entity?**

A: To vote shares registered in the name of a corporation or other legal entity, an authorized officer or attorney of that corporation or legal entity must sign the enclosed form of proxy. This person may have to provide proof that he or she is authorized to sign. The completed proxy form must be returned to Target's transfer agent, CST Trust Company of Canada, in the envelope provided. These shares cannot be voted by telephone or through the Internet.

**Q: Can I vote by telephone?**

A: No, Target's transfer agent, CST Trust Company of Canada only offers voting by mail, email, fax, and internet.

**Q: Can I vote through the Internet?**

A: If you are a registered shareholder go to <https://www.cstvotemyproxy.com/index.action> and follow the instructions. You will need an alpha-numeric Web Voting ID Number located on the form of proxy to identify yourself to the system. If you are voting through the Internet, all required information must be entered by 10:00 a.m. (Calgary time) on September 11, 2017.

**Q: Who is soliciting my proxy?**

A: The enclosed form of proxy is being solicited by management of Target and the associated costs will be borne by Target. The solicitation will be made primarily by mail but may also be made by telephone or in person.

**Q: What if I sign the form of proxy enclosed with this circular?**

A: Signing the enclosed form of proxy gives authority to Rick Skauge or Craig Skauge, each of whom is a director of Target, or to another person you have appointed, to vote your shares at the meeting.

**Q: Can I appoint someone other than these directors to vote my shares?**

A: Yes. Write the name of this person, who need not be a shareholder, in the blank space provided in the form of proxy. It is important to ensure that any other person you appoint is attending the meeting and is aware that he or she has been appointed to vote your shares. Proxy-holders should, upon arrival at the meeting, present themselves to a representative of Target's transfer agent, CST Trust Company of Canada.

**Q: What do I do with my completed proxy?**

A: Return it to Target's transfer agent, CST Trust Company of Canada, in the envelope provided, so that it arrives no later than 10:00 a.m. (Calgary Time) on September 11, 2017. This will ensure your vote is recorded.

**Q: If I change my mind, can I take back my proxy once I have given it?**

A: Yes. If you are a registered shareholder and wish to revoke your proxy, prepare a written statement to this effect. The statement must be signed by you or your attorney as authorized in writing or by electronic signature to the extent permitted by applicable law or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney of the corporation duly authorized. This statement must be delivered Target's transfer agent, CST Trust Company of Canada at the following address: Suite 600, 333 7th Avenue SW, Calgary, Alberta T2P 2Z1 no later than 10:00 a.m. (Calgary) on September 11, 2017, or to the Chairman of the Board of Target on the day of the meeting September 13, 2017.

**Q: How will my shares be voted if I give my proxy?**

A: The persons named on the form of proxy must vote for or withhold from voting your shares in accordance with your directions, or you can let your proxy-holder decide for you. In the absence of such directions, proxies received by management will be voted in favor of the election of directors to the board and the appointment of the external auditor.

**Q: What if amendments are made to these matters or if other matters are brought before the meeting?**

A: The persons named in the form of proxy will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Annual General Meeting of Shareholders of Target and with respect to other matters which may properly come before the meeting. As of the date of this management information circular, management of Target knows of no such amendment, variation or other matter expected to come before the meeting. If any other matters properly come before the meeting, the persons named in the form of proxy will vote on them in accordance with their best judgment.

**Q: How many shares are entitled to be voted?**

A: As of August 9, 2016, there were 3,851,863 outstanding Common Shares of Target. Registered shareholders may exercise one vote for each Common Share held by them at the close of business on August 9, 2017.

**Q: Who counts the votes?**

A: Target's transfer agent, CST Trust Company of Canada, counts and tabulates the votes.

**Q: If I need to contact the transfer agent, how do I reach them?**

A: For general shareholder enquiries, you can contact the transfer agent by mail at:

CST Trust Company of Canada  
Suite 600, 333 – 7th Avenue SW  
Calgary, Alberta  
T2P 3S8

or by telephone:  
1 (800) 387-0825

or by e-mail at [inquiries@canstockta.com](mailto:inquiries@canstockta.com)

## **QUORUM FOR THE MEETING**

The Bylaws of the Corporation provide that a quorum at the meeting will consist of at least two Shareholders present in person or represented by proxy and representing not less than 5% of the shares entitled to vote at the Meeting. A shareholder may participate in a meeting by electronic means, telephone or other communications facilities as permit all persons participating in the meeting to hear each other.

## **APPROVAL REQUIREMENTS**

All of the matters to be considered at the Meeting are ordinary resolutions. Ordinary resolutions require at least 51% of the votes cast thereon. Votes can be made either by the shareholder or on their behalf or represented by proxy at the Meeting.

## **BUSINESS OF THE MEETING**

- receive and consider the audited financial statements of the Corporation dated March 31, 2017, and the report of the external auditor thereon;
- to elect the Board of Directors of the Corporation for the ensuing year;
- to appoint the auditor of the Corporation for the ensuing year and to authorize the Board of Directors to fix the auditor's remuneration; and
- to transact such other business as may be properly brought before the meeting or any adjournment thereof.

## **Annual Financial Statements**

The Annual Report has been prepared and mailed to registered and beneficial shareholders who requested it and is also available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders and proxy-holders will be given an opportunity to discuss these results with management.

## **Electing Directors**

The directors recommend that 5 directors be elected at the Annual General Meeting of shareholders. Please see about the nominated directors on page 11 for more information. If you own Common Shares, you can vote on the election of directors. The following persons have been nominated for election:

- Anne Louise Bartlett
- Gerardus Janssen
- Brian Newman
- Rick Skauge
- Greg Walter

All of the nominated directors are currently directors of Target and all were elected as directors at the last Annual Meeting of Shareholders on September 28, 2016.

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**Appointment of the External Auditors**

The Corporation's Bylaws provide that the auditors of the Corporation will be selected at each annual meeting of shareholders. Accordingly, shareholders will consider an ordinary resolution to appoint the firm Kenway Mack Slusarchuk Stewart LLP, Chartered Accountants ("KMSS"), Calgary, Alberta as auditors for the Corporation, to hold office until the next annual meeting of shareholders or until they are removed or they resign from office, at a remuneration to be determined by the directors of the Corporation. KMSS has been the Corporation's auditor since 2010.

**Considering Other Business**

We will consider any other business that may properly come before the meeting. As of the date of this management information circular, we are not aware of any other business to be considered at the meeting.

**ABOUT THE NOMINATED DIRECTORS**

Nominated Directors are listed below in a table. Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote for the election of the persons named in the following table to the Board of Directors.

Each director elected will hold office until the next annual general meeting of shareholders or until his successor is elected or appointed unless his office is earlier vacated in accordance with the provisions of the Business Corporations Act (Alberta).

We do not expect that any of such nominees will be unable to serve as directors, however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies held by management designees will be voted for another nominee in their discretion unless the shareholder has specified in his form of proxy that his Common Shares are to be withheld from voting in the election of directors.

**Anne Louise Bartlett**

<b>Place of Residence</b>	<b>Independent<sup>(1)</sup></b>	<b>Position with the Corporation</b>	<b>Year first Appointed a Director</b>	<b>Number of Common Shares Beneficially Owned or Controlled<sup>(2)</sup></b>	<b>Percentage of Common Shares Beneficially Owned or Controlled<sup>(3)</sup></b>
Calgary, Alberta	Yes	Director	2012	12,500	0.32%
<b>Principal Occupation</b>		Businesswomen			
<b>Committees</b>		Audit, Compensation, and Corporate Governance committees			
<b>Directorships of other Reporting Issuers</b>		None			

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**Gerardus Janssen, CPA, CMA**

<b>Place of Residence</b>	<b>Independent<sup>(1)</sup></b>	<b>Position with the Corporation</b>	<b>Year first Appointed a Director</b>	<b>Number of Common Shares Beneficially Owned or Controlled<sup>(2)</sup></b>	<b>Percentage of Common Shares Beneficially Owned or Controlled<sup>(3)</sup></b>
Calgary, Alberta	Yes	Director	2008	4,625	0.12%
<b>Principal Occupation</b>		Vice President, Finance and Chief Financial Officer, Response Energy Corporation Chartered Professional Accountant			
<b>Committees</b>		Audit (Chair), Compensation, and Corporate Governance committees			
<b>Directorships of other Reporting Issuers</b>		Olympia Financial Group Inc. (TSX: OLY)			

**Brian Newman, CPA, CA**

<b>Place of Residence</b>	<b>Independent<sup>(1)</sup></b>	<b>Position with the Corporation</b>	<b>Year first Appointed a Director</b>	<b>Number of Common Shares Beneficially Owned or Controlled<sup>(2)</sup></b>	<b>Percentage of Common Shares Beneficially Owned or Controlled<sup>(3)</sup></b>
Calgary, Alberta	Yes	Director	2008	11,000	0.29%
<b>Principal Occupation</b>		President, Brian Newman Professional Corporation Chartered Professional Accountant			
<b>Committees</b>		Audit, Compensation, and Corporate Governance committees			
<b>Directorships of other Reporting Issuers</b>		Olympia Financial Group Inc. (TSX: OLY)			

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**Rick Skauge**

<b>Place of Residence</b>	<b>Independent<sup>(1)</sup></b>	<b>Position with the Corporation</b>	<b>Year first Appointed a Director</b>	<b>Number of Common Shares Beneficially Owned or Controlled<sup>(2)</sup></b>	<b>Percentage of Common Shares Beneficially Owned or Controlled<sup>(3)</sup></b>
Calgary, Alberta	No	Chief Executive Officer and Director	1993	2,116,281	54.94%
<b>Principal Occupation</b>		President & Chief Executive Officer, Olympia Financial Group Inc. (TSX: OLY) President, Tarman Inc.			
<b>Committees</b>		None			
<b>Directorships of other Reporting Issuers</b>		Olympia Financial Group Inc. (TSX: OLY)			

**Greg Walter, LLB**

<b>Place of Residence</b>	<b>Independent<sup>(1)</sup></b>	<b>Position with the Corporation</b>	<b>Year first Appointed a Director</b>	<b>Number of Common Shares Beneficially Owned or Controlled<sup>(2)</sup></b>	<b>Percentage of Common Shares Beneficially Owned or Controlled<sup>(3)</sup></b>
Calgary, Alberta	Yes	Director	2011	1,000	0.03%
<b>Principal Occupation</b>		Partner, Miller Thomson LLP			
<b>Committees</b>		Audit, Compensation (Chair), and Corporate Governance (Chair) committees			
<b>Directorships of other Reporting Issuers</b>		None			

**Note:**

- (1) "Independent" refers to the Board's determination of whether a director is "independent" under Section 1.4 of the Canadian Securities Administrators' National Instrument 52-110.
- (2) The information as to shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective nominees.
- (3) Percentages based on 3,851,863 Common Shares issued.

## **ABOUT THE BOARD OF DIRECTORS**

The Board of Directors is elected by the Corporation's shareholders. The Board has explicitly assumed responsibility for stewardship of the Corporation. The Board is responsible for overseeing the conduct of the business and affairs of the Corporation, supervising management, and using reasonable efforts to ensure that all major issues affecting the Corporation are given appropriate consideration.

The Board's mandate includes the adoption and implementation of the Corporation's strategies and plans. The Board reviews the results and performance of management's actions and plans. The Board evaluates management and assesses that management has developed and maintained adequate information systems and internal controls and is fulfilling the Corporation's responsibilities for communications with its stakeholders.

In addition to its primary roles of overseeing corporate performance and providing quality, depth and continuity of management to meet our strategic objectives, the Board, among other things, is responsible for:

- Approving business, strategic, financial and succession plans and monitoring the implementation of these plans;
- Approving communications to shareholders;
- Overseeing financial reporting and disclosure;
- Appointing officers and reviewing their performance at least once a year;
- Approving dividend payments;
- The issue, purchase and redemption of securities;
- The acquisition and disposition of capital assets;
- Short-term and long-term objectives; and
- Human resource and other plans including compensation, employee benefits, profit sharing and incentive plans.

The Board fulfills its responsibilities directly, through its committees and through management delegates its authority to manage day-to-day business to management, but can review management decisions. The Board is informed of the Corporation's operations on an ongoing basis through Board and Committee meetings, and reports from and discussions with management.

The Chairman of the Board is responsible for facilitating the performance of the Board. The Chairman's duties include, among other things:

- Setting the agenda for Board meetings;
- Using best efforts to provide directors with the information they need to make decisions and carry out their responsibilities;
- Chairing Board meetings; and
- Acting as a key liaison between the Board and management.

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The Board meets at least four times a year and more often if necessary. The Board met four times since the 2015 AGM. All of these were regularly scheduled meetings. Time is set aside at all regularly scheduled meetings to discuss issues without management present.

### **Board Committees**

The Board has established the following standing committees:

- 1) Audit Committee;
- 2) Compensation Committee
- 3) Corporate Governance and Nomination Committee

The Board does not have an executive committee.

None of the current members of each of the Audit, Compensation or Corporate Governance and Nomination Committees are current or former employee of Target. All Committees meet regularly without management present. Every director who is not a member of a Committee is entitled to attend the meetings of such Committee. The Chairman of the Board meets at least annually with the Committee Chairman.

### **REPORT OF THE AUDIT COMMITTEE**

The members of the 2016-2017 Audit Committee are as follows:

<b>Name</b>	<b>Independence</b>	<b>Financial Literacy</b>	<b>Experience &amp; Education</b>
Anne Louise Bartlett	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>	Businesswoman
Gerardus Janssen	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>	CPA CMA
Brian Newman	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>	CPA CA
Greg Walter	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>	Lawyer

#### **Note:**

1) As defined by National Instrument 52-110 ("NI 52-110").

The Audit Committee oversees Target's financial reporting and disclosure, the external auditors and compliance with applicable laws and regulations. Since the 2016 AGM, the Audit Committee, in accordance with its Mandate and Charter (exhibit 1), accomplished the following:

#### **Financial Reporting and Disclosure**

- Reviewed the annual financial statements, annual management's discussion and analysis, external auditor's report, annual information form;
- Reviewed the quarterly financial statements and quarterly management's discussion and analysis;
- Reviewed the appropriateness of and changes to accounting policies and practices;
- Reviewed the procedures used in preparing financial statements and reports;
- Monitored the effectiveness of disclosure controls and procedures; and
- Monitored the Corporation's financial risks.

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**External Auditor**

- Recommended to the Board the firm of chartered accountants to be nominated for appointment as the external auditor;
- Evaluated the external auditor's performance;
- Reviewed and approved proposed external audit fees for the year;
- Monitored the independence of and received the external auditor's report on its independence including disclosure of all engagements and associated fees for non-audit services for the Corporation;
- Reviewed the results of the audit and discussed the external auditor's opinion on our accounting controls and the quality of our financial reporting;
- Reviewed and approved non-audit services where appropriate;
- Monitored the quality and effectiveness of the relationship among the external auditor, management and the audit committee; and
- Reviewed reports from the external auditor to management on internal control issues identified in the course of its audit and attest activities.

**Compliance with Applicable Laws and Regulations**

- Reviewed the Corporation's compliance with applicable legal and regulatory requirements; and
- Inquired about the status of the Corporation's tax returns.

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

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
2017	\$33,000	2,000	Nil
2016	\$33,000	2,000	Nil
2015	\$43,000	2,000	15,000

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 of Directors; or
- Has the Corporation 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.

The Audit Committee met four times since the last AGM. The Chairman of the Audit Committee is available to meet at any time and meets at least once a year with the external auditor.

This report has been approved by the members of the Audit Committee: Anne Louise Bartlett, Brian Newman, Gerardus Janssen (Chair) and Greg Walter.

## CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board of Directors and who are charged with the day to day management of the Corporation. The Board of Directors is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making. Pursuant to National Instrument 58-101 Disclosure of Corporate Governance Practices (“NI 58-101”), the Corporation is required to disclose its corporate governance practices, as summarized below.

### Board of Directors

The Board of Directors is currently composed of 5 directors and there are 5 directors proposed to be elected. All the proposed nominees are current directors of the Corporation.

NI 58-101 suggests that the Board of Directors of a public Corporation should be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from shareholding. In addition, where a Corporation has a significant shareholder, NI 58-101 suggests that the Board of Directors should include a number of directors who do not have interests in either the Corporation or the significant shareholder. Of the proposed nominees of the Corporation, Anne Louise Bartlett, Gerardus Janssen, Brian Newman and Greg Walter are considered by the Board of Directors to be “independent” within the meaning of NI 58-101; Craig Skauge and Rick Skauge are considered to be “non-independent”.

The Corporation has appointed Rick Skauge as Chairman. Based on the definition of “independent” in NI 58-101, Mr. Skauge is not considered “independent” as he is an executive officer of the Corporation.

### Directorships

The following Directors of the Corporation are Directors of other reporting issuers:

Director	Other Reporting Issuer
Gerardus Janssen	Olympia Financial Group (TSX: OLY)
Brian Newman	Olympia Financial Group (TSX: OLY)
Craig Skauge <sup>(1)</sup>	Olympia Financial Group (TSX: OLY)
Rick Skauge	Olympia Financial Group (TSX: OLY)

<sup>(1)</sup> Craig Skauge resigned as President and Director effective June 19, 2017.

### Orientation and Continuing Education

When new directors join the Board, they are required to meet with management of the Corporation to discuss and better understand the Corporation’s business and will be advised by counsel to the Corporation of their legal obligations as directors of the Corporation. New directors are also provided with an information package containing pertinent information about the Corporation, including two years of Board minutes and five years of financial information. The Governance Committee recommends that the Board provide continuing education for directors.

### **Ethical Business Conduct**

The Board of Directors has established a Business Code of Conduct and periodically reviews this code. The Business Code of Conduct is applicable to directors, officers and employees of the Corporation. At present the Business Code of Conduct addresses the following issues:

- Conflicts of interest, including transactions and agreements in respect of which a director or executive officer has a material interest;
- Protection and proper use of the Corporation's assets and opportunities;
- Confidentiality of corporate information;
- Fair dealing with the Corporation's shareholders, customers, suppliers, competitors and employees
- Compliance with laws, rules and regulations; and
- Reporting of any illegal or unethical behaviour.

As some of the directors of the Corporation also serve as directors and officers of other companies engaged in similar business activities, the Board of Directors must comply with the conflict of interest provisions of the Business Corporations Act (Alberta), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke such a conflict.

### **Nomination of Directors**

The Board has considered what competencies and skills the Board should possess and new candidates have been appointed based on these needs. The Corporate Governance Committee is responsible for proposing new nominees. New nominees are identified by any director, based on a candidate's suitable match with Board competency and skill requirements.

### **Audit Committee**

The Corporation has an Audit Committee comprised of 4 independent directors: Anne Louise Bartlett, Brian Newman, Gerardus Janssen and Greg Walter. The Audit Committee oversees Target's financial reporting and disclosure, the external auditors and compliance with applicable laws and regulations.

### **Corporate Governance and Nomination Committee**

The Corporation has a Corporate Governance and Nomination committee comprised of 4 independent directors: Anne Louise Bartlett, Brian Newman, Gerardus Janssen and Greg Walter. The Corporate Governance and Nomination Committee considers issues of corporate governance, including the Corporation's response to TSX governance guidelines, nomination of new directors and effectiveness assessments.

### **Compensation Committee**

The Corporation has a Compensation Committee comprised of 4 independent directors: Anne Louise Bartlett, Brian Newman, Gerardus Janssen and Greg Walter. The Compensation Committee reviews and provides recommendations to the Board in respect of compensation matters.

### **Assessments**

The Board has implemented a process, for which the Corporate Governance Committee is responsible for assessing the effectiveness of the Board, its committees and the contribution of individual directors. The process is conducted annually in an informal dialogue, first without and then with the CEO.

## Directors Compensation

The Corporation has implemented a policy of compensating all outside directors (i.e. Directors who are not also Named Executive Officers or employees) a monthly director's fee of \$500 per month or 1% of net annual earnings before tax whichever is the greater, this amount is paid quarterly. Committee work is paid at a set rate of \$150 per hour. Directors are reimbursed by the Corporation for their out-of-pocket expenses.

Named Executive Officers of the Corporation who also act as directors of the Corporation, do not receive any additional compensation for services rendered in their capacity as directors, other than as paid by the Corporation to such Named Executive Officers in their capacity as Named Executive Officers. See "Named Executive Officers Summary Compensation Table".

This report has been approved by the members of the Corporate Governance and Nomination Committee: Brian Newman, Anne Louise Bartlett, Greg Walter (Chair) and Gerardus Janssen.

## REPORT ON COMPENSATION

### Compensation Discussion and Analysis

The following Compensation Discussion and Analysis (CD&A) is intended to provide Target's shareholders with a description of the processes and decisions involved in the design, oversight, and payout of its compensation programs for the Named Executive Officers for the year ended March 31, 2016.

### Components of Target's Compensation Program

The components of the compensation program in which the Named Executive Officers were eligible to participate during the 2016 fiscal year are described in the following table.

Compensation component	Objectives	Form
Base salary or contractual compensation	Provides fixed compensation in the form of a base salary or contractually fixed compensation	Cash
Annual incentive plan	Rewards for contribution to the achievement of annual financial goals.	Cash

The compensation mix varies by level to reflect both market practice and the impact of more senior roles on overall Corporation performance. The base salary and contractual compensation portion of compensation is fixed while the annual incentives portion is variable.

### How Target Makes Compensation Decisions

#### *Base salary & contractual compensation*

The overall objective of the base salary and contractual compensation paid to Target's Named Executive Officers is to provide fixed compensation that reflects the role, skills, experience and contribution to the organization. Individual positioning of each Named Executive Officers' compensation within the applicable range is dependent on the overall contribution of that Named Executive Officer to the organization. Annual adjustments to Named Executive Officers compensation are not provided for. The President receives \$48,000 per annum and the Chief Financial Officer receives \$40,000 per annum. Tarman Inc. receives \$24,000 per annum for providing the services of Rick Skauge as Chief Executive Officer. Beginning September 2015, the President and the Chief Executive Officer voluntarily reduced their compensation to zero.

**Annual incentive plan**

The objective of the annual incentive plan is to motivate and reward Named Executive Officers to achieve annual business objectives. The short term incentive plan is a percentage of before tax annual net earnings calculated on audit committee approved financial statements. The amount is established in the contract and is discussed under employment contracts.

**Named Executive Officers Summary Compensation Table**

The following table sets forth all annual and long term compensation for services in all capacities to the Corporation since incorporation in respect of individuals who: (a) are acting as Chief Executive Officer, (b) are acting as Chief Financial Officer, and (c) are serving as executive officers and whose total salary and bonus exceeded \$150,000 for the most recently completed year.

**Non-equity incentive plan compensation (\$)**

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Annual incentive plans <sup>(1)</sup>	Long-term incentive plans	All other compensation (\$)	Pension	Total compensation (\$)
Rick Skauge Chief Executive Officer	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2016	12,000	Nil	Nil	Nil	Nil	Nil	Nil	12,000
	2015	24,000	Nil	Nil	Nil	Nil	Nil	Nil	24,000
Kristoffer Moen Chief Financial Officer (1/2)	2017	26,667	Nil	Nil	Nil	Nil	Nil	Nil	26,667
	2016	40,000	Nil	Nil	5,300	Nil	Nil	Nil	45,300
	2015	12,684	Nil	Nil	Nil	Nil	Nil	Nil	12,684
Royce Lee Chief Financial Officer (2)	2017	39,667	Nil	Nil	Nil	Nil	Nil	Nil	39,667
	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	48,000
	2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil	48,000
Craig Skauge President	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2016	24,000	Nil	Nil	Nil	Nil	Nil	Nil	24,000
	2015	48,000	Nil	Nil	Nil	Nil	Nil	Nil	48,000

**Note:**

- (1) Mr. Moen's employment contract establishes a bonus of 4% of net income before taxes. The bonus is advanced based on quarterly results, but adjusted based on year-end results with any overpayments repaid to the Corporation.
- (2) Mr. Lee's and Mr. Moen's compensation is partial as the Corporation had a change of Chief Financial Officers in the year.

**Option Based Awards**

The Corporation has not had and does not currently have any option based plans.

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**Pension and Retirement Plans**

The Corporation does not have any pension or retirement plans.

**Termination and Change of Control Benefits**

The Corporation has not entered into agreements with any of its NEOs which would provide for the payments of amounts in the event of termination or a change in control of the Corporation.

**Employment Agreements**

The Corporation has entered into an agreement with Kristoffer Moen to serve as Chief Financial Officer. The current remuneration is a salary of \$80,000 per annum and a bonus of 4% of the Corporation's pre-tax earnings.

The Corporation has entered into an agreement with Royce Lee to serve as Chief Financial Officer. The current remuneration is a salary of \$80,000 per annum and a bonus of 4% of the Corporation's pre-tax earnings.

The Corporation has entered into a contract with Craig Skauge to serve as President. The current remuneration is a salary of \$48,000 per annum. Beginning September 2015, Mr. Craig Skauge voluntarily reduced his compensation to zero.

The Corporation has entered into a contract with Tarman Inc. to provide the services of Mr. Rick Skauge to serve as Chief Executive Officer. The current remuneration for these services is \$24,000 per annum. Beginning September 2015, Mr. Rick Skauge voluntarily reduced his compensation to zero.

**Directors Compensation Table**

The following table sets forth the compensation earned by Directors of the Corporation during the most recent financial year. The NEOs and the President are not compensated for their roles as Directors.

<b>Name</b>	<b>Fees earned (\$)</b>	<b>Share-based awards (\$)</b>	<b>Option-based awards (\$)</b>	<b>Non-equity incentive plan</b>	<b>Pension value (\$)</b>	<b>All other compensation (\$)</b>	<b>Total compensation (\$)</b>
Anne Louise Bartlett	\$9,701	Nil	Nil	Nil	Nil	Nil	\$9,701
Gerardus Janssen	\$14,550	Nil	Nil	Nil	Nil	Nil	\$14,550
Brian Newman	\$11,175	Nil	Nil	Nil	Nil	Nil	\$11,175
Brian Newman	\$7,700	Nil	Nil	Nil	Nil	Nil	\$7,700

This report has been approved by the members of the Compensation Committee: Brian Newman, Anne Louise Bartlett, Greg Walter (Chairman) and Gerardus Janssen.

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## **OTHER INFORMATION**

### **Indebtedness of Directors, Executive Officers and Senior Officers**

During the fiscal year ended March 31, 2017, no Director, Named Executive Officer, Senior Officer, nominee for election as a director, nor any of their respective associates or affiliates, is, or has been at any time since the beginning of the last completed fiscal year, indebted to the Corporation or its subsidiary nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Corporation.

### **Interests of Persons in Material Transactions**

Other than as set forth herein or as previously disclosed, the Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or Named Executive Officer, proposed nominee for election as a director or any shareholder holding more than 10% of the voting rights attached to the Common Shares or any associate or affiliate of any of the foregoing in any transaction in the preceding fiscal year or any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation.

### **Interest of Related Parties in Matters to be Acted Upon**

Other than as set forth herein or as previously disclosed, the Corporation is not aware of any other material interest of any insider or related party of the Corporation or associate or affiliate thereof, in any matter to be acted upon at the Meeting.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). A shareholder may contact the Corporation at Suite 1020, 140- 10th Avenue S.E. Calgary, Alberta, T2G 0R1 (Attention: Royce Lee) to obtain a copy of the Corporation's most recent financial statements and management discussion and analysis.

## **OTHER MATTERS**

While there is no other business other than that mentioned in the Notice of Meeting to be presented for action by the shareholders at the Meeting, **it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

## **EXHIBIT 1**

### **AUDIT COMMITTEE CHARTER**

The written Audit Committee Charter (hereinafter the “Charter”) outlined below sets out the mandate and responsibilities for the Audit Committee of the Board of Directors.

#### **ROLE OF THE AUDIT COMMITTEE**

During the fiscal year ended March 31, 2017, no Director, Named Executive Officer, Senior Officer, nominee fThe role of the Audit Committee (hereinafter the “Committee”) of the Board of Directors (hereinafter the “Board”) is to assist the Board in fulfilling its responsibility for the oversight of the quality and integrity of the accounting, auditing, internal control and financial reporting practices of Target Capital Inc (the “Corporation”) and its subsidiaries; in addition to any such other duties as directed by the Board.

The Committee’s purpose is to oversee the accounting and financial reporting processes that produce reliable and credible financial statements of the Corporation, the audits of the Corporation’s financial statements, the qualifications of the public accounting firm engaged as the Corporation’s independent auditor to prepare or issue an audit report on the financial statements of the Corporation and effective internal controls over financial reporting, and the performance of the Corporation’s internal audit function and independent auditor.

The Committee reviews and assesses the qualitative aspects of financial reporting to stakeholders, the Corporation’s processes to manage business and financial risk, and compliance with significant applicable legal, ethical, and regulatory requirements. The Committee is directly responsible for the appointment (subject to shareholder ratification), compensation, retention, and oversight of the independent external auditor.

Although the Audit Committee has the powers and responsibilities set forth in this Charter, the role of the Audit Committee is that of overseeing the process that produces reliable and credible financial statements while ensuring the company has effective internal controls. It is not the duty of either the Audit Committee as a whole or any individual member thereof to conduct audits or investigations or to determine that the Corporation’s financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles, applicable rules and regulations, and the Corporation’s corporate policies and procedures. These are the responsibilities of management and the external auditors.

#### **MEMBERSHIP**

In accordance with National Instrument 52-110 (hereinafter NI 52-110) membership of the Audit Committee must be composed of a minimum of three members, all of whom shall meet the independence requirements established by the Board and applicable laws, regulations and listing requirements. These stringent independence requirements are not applicable to TSX-Venture issuers as per Part 6 of NI 52-110. The Corporation has an independence requirement whereby at least two members of the Audit Committee must be independent members as per NI 52-110. One of the independent members shall serve as the Chair of the Committee, as determined by the Board.

Each Committee member in the judgment of the Board shall satisfy the Financially Literate and experience requirements of all applicable regulatory requirements (including NI 52-110); as such qualifications are interpreted by the Board in the exercise of its sound business judgment. While the Board shall determine the criteria for Financial Literacy, this shall, at a minimum, require each member to have the ability to read

and understand a set of fundamental 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 Corporation's financial statements. Each Committee member shall be provided with appropriate briefing and training on appointment and on a continuous basis.

The President of the Corporation and, to the extent that the Chair of the Board is not otherwise a member of the Committee, the Chair and all other directors who are not members of the Committee may be invited to attend all meetings of the Committee in an ex-officio capacity and shall not vote. The President shall not attend in-camera sessions.

## **MEETINGS**

The Audit Committee shall meet as frequently as it determines necessary but not less frequently than once each quarter. Meetings may be called by the Chair of the Committee or any other member of the Committee. The Chair of the Committee must call a meeting when requested to do so by any member of the Committee, the external auditors, the President, the Chief Financial Officer or the Chair of the Board.

In order for the Committee to transact business, a quorum of the Committee must be present. A quorum of the Committee shall be at least half (50%) of its members. The powers of the Committee may be exercised at a meeting at which a quorum of the Committee is present. Each member is entitled to one vote in Committee proceedings.

The Chair shall preside at all meetings of the Committee at which he or she is present and shall, with input from the Chief Financial Officer and external auditor (as required), develop the agenda for each Committee meeting. The agenda for each meeting of the Committee shall be delivered to each member of the Committee at least 48 hours prior to any meeting of the Committee, together with such other materials as the Chair determines necessary. Minutes shall be kept of all meetings of the Committee and shall be maintained by the Secretary of the Committee.

At least annually, the Committee shall have separate private meetings with the external auditors and management to discuss any matters that the Committee or the previously identified groups believe should be discussed. The Audit Committee may request any officer or employee of the Corporation, or the Corporation's external auditors or legal counsel to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

## **REPORTING TO THE BOARD AND SHAREHOLDERS**

The Audit Committee shall report verbally or in writing at each quarterly meeting of the Board with respect to its activities with such recommendations as are deemed desirable in the circumstances. Prior to approval by the directors, the Committee will also report to the Board on the annual statements and other documents that must be approved by the directors as required under applicable regulatory authorities.

## **ACCESS TO MANAGEMENT AND OUTSIDE ADVISORS**

The Audit Committee shall have full, free and unrestricted access to management and employees. The Audit Committee shall have the authority to retain, at the Corporation's expense, independent legal counsel, advisors and consultants to advise the Committee as it determines necessary to carry out its duties and to fix the remuneration of such advisors and consultants.

## **DUTIES AND RESPONSIBILITIES**

The Audit Committee shall perform the following duties and responsibilities as set out in this Charter and perform such other duties as may be necessary or appropriate under applicable law or stock exchange rules, or as may be delegated to the Committee by the Board from time to time, including other duties as specified. In addition, the Committee shall act as the Audit Committee of subsidiaries of the Corporation as required by the Corporation.

## **FINANCIAL REPORTING**

A key element in the Audit Committee's oversight of the integrity of the financial statements and the financial reporting process is reviewing and discussing the annual financial statements with management and the external auditors – and determining whether they are complete and consistent with operational and other information known to committee members. The Audit Committee is also responsible for assessing the quality, not just the reliability, of earnings. In addition, the committee shall review with management and the external auditor:

- the appropriateness of the Corporation's accounting principles and financial statement reporting and any major issues that arise;
- any significant changes to the application of the Corporation's accounting principles and the effects on financial reporting as such changes are recommended by management or the external auditor;
- the accounting treatment of significant risks and uncertainties;
- regulatory and accounting initiatives;
- key estimates and judgments of management that may be material to the Corporation's financial reporting; and
- significant auditing and financial reporting issues discussed during the fiscal period and the method of resolution.

The following types of information shall be reviewed by the Committee with management and the external auditor and approved or, if appropriate, recommended for approval by the Board before being publicly disclosed by the Corporation:

- the annual audited consolidated financial statements, together with the report of the external auditor and the Management Discussion and Analysis report ("MD&A");
- the quarterly interim unaudited financial statements, MD&A, reports to shareholders;
- MD&A relating to the annual audited financial statements and interim financial statements;
- the Corporation's earnings press release;
- other annual public documents of the Corporation containing financial information and report thereon to the directors;
- all financial statements and other financial information in material public disclosure documents other than: (i) those previously reviewed by the Committee; or (ii) earnings coverage ratios, capitalization tables and summary financial information extracted or derived from financial statements previously reviewed by the Committee; and
- annual financial statements and regulatory returns of subsidiaries of the Corporation as required by the Board.

The Committee's review of any financial statement or financial information shall include a review with management of the presentation and impact of significant risks and uncertainties, as well as key estimates and judgments of management that may be material to the statements or disclosure. Before recommending any financial statements or financial information to the Board for approval, the Committee shall seek confirmation from management that such financial statements or financial information, together with the other financial information included in the Corporation's annual and interim filings, fairly present in all material respects the financial condition, results of operations and cash flows of the Corporation as of the relevant date and for the relevant periods.

In addition, the Committee shall approve, and periodically assess the adequacy of, the Corporation's procedures for (i) the review of financial information extracted or derived from the Corporation's financial statements that is to be publicly disclosed and has not otherwise been reviewed by the Committee; and (ii) the review of financial information, performance targets and updates thereto provided to rating agencies and analysts.

### **INTERNAL CONTROL**

Internal control is an important component of enterprise risk management. Therefore, in overseeing the Corporation's internal control procedures and management's reporting thereon, the Audit Committee shall:

- require management to design, implement and maintain appropriate internal control procedures (including controls related to the prevention, identification and detection of fraud);
- review management's implementation and maintenance of appropriate internal control procedures. Review, evaluate and approve those procedures;
- review, evaluate and approve the Corporation's internal control policies;
- meet periodically with management to discuss the effectiveness of the Corporation's internal control procedures;
- review certifications on the review of internal controls in place to mitigate key financial reporting risks as required under applicable securities laws;
- Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- review reports from management or others as to the existence of any significant deficiencies and material weaknesses in the design or operation of the Corporation's internal control over financial reporting which are reasonably likely to adversely affect the Corporation's ability to record, process, summarize and report financial information, and any fraud involving management or other employees who have a significant role in the Corporation's internal controls and any significant changes in internal control over financial reporting that are disclosed in regulatory filings;
- review management's recommendations and the implementation of an action plan for rectifying such deficiencies and weaknesses; and
- assess, and help set, the "tone at the top".

In overseeing the Corporation's disclosure controls the Committee shall review and approve the disclosure controls and procedures that have been adopted by the Corporation to confirm that material information about the Corporation and its subsidiaries that is required to be disclosed under applicable law or stock exchange rules is disclosed on a timely basis. The Committee shall review a report on the effectiveness of these controls and procedures.

## **RISK MANAGEMENT**

The Committee shall discuss the Corporation's major financial risk exposures and the steps that management has taken to monitor and control such exposures.

Additional steps that the Audit Committee shall consider when overseeing risk management on behalf of the Board include:

- meeting periodically with those individuals responsible for risk identification, assessment, and management throughout the Corporation;
- discussing with management its processes to identify events that put the Corporation at risk, including fraud risk, and how management assesses the likelihood and impact of identified risks;
- reviewing financial reporting risks and consider the level of risk against the Corporation's risk appetite;
- assessing, with management, the controls currently in place to mitigate key financial reporting risks and how effective the controls are;
- approving risk management policies that establish the appropriate decision making levels and other controls to manage risk;
- satisfying itself that policies are in place to manage the risks to which the Corporation is exposed, including market, operational, liquidity, credit, insurance, regulatory and legal risk, and reputational risk; and,

## **EXTERNAL AUDITOR**

The external auditor reports to the Board and the Committee, as a representative of the shareholders. The Committee has the authority to communicate directly with the external auditor. Accordingly, the Committee shall evaluate and be responsible for the Corporation's relationship with the external auditor. Specifically, the Committee shall:

- make recommendations to the Board regarding the external auditor to be recommended to the shareholders for appointment, review the independence of the external auditor and, where appropriate, the termination of the external auditor;
- review the terms of the external auditor's engagement, the annual audit plan and the appropriateness and reasonableness of the proposed audit fees and make recommendations to the Board as appropriate;
- ensure the external auditor is registered with the Canadian Public Accountability Board both at the time of engagement and the signing of the audit opinion;
- require the external auditor to confirm in its engagement letter each year that it reports directly to the Committee, as representative of the shareholders, and satisfy itself that the audit plan is risk-based and covers all relevant activities over a measurable cycle;

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- be directly responsible for overseeing the work of the external auditor for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the Corporation;
  - review the scope and results of the audit conducted by the external auditor with the external auditor and with management, including:
    - i. the external auditor's evaluation of the Corporation's internal controls over financial reporting that the external auditor tested and relied on and any recommendations related thereto;
    - ii. the degree of cooperation the external auditor received from management;
    - iii. any problems experienced by the external auditor in conducting the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
    - iv. the existence of problems or potential problems related to accounting and/or auditing matters and any accounting matters;
    - v. the external auditor's audit findings letter, management's response and subsequent follow-up of identified deficiencies;
    - vi. the appropriateness and quality of all critical accounting policies and practices used by the Corporation and the selection of new policies and practices (including those policies for which management is required to exercise discretion or judgment); and
    - vii. any alternative treatments of financial information that have been discussed with management, the ramifications of their use and the external auditor's preferred treatment, as well as any other material communications with management;
- and advise the Board of the Corporation's performance in these areas;
- meet regularly, and at least annually, with the external auditor without management present to review and ask the external auditor to report on any audit problems and difficulties including any significant disagreements, unresolved issues as well as management's response thereto and consultations with management as well as any other matters the external auditor believes the Committee should be aware of in order to exercise its responsibilities;
  - oversee the resolution of any disagreements between the external auditor and management regarding any financial reporting issues;
  - review all material correspondence between the external auditor and management related to audit findings;
  - evaluate the external auditor's audit performance, taking into account management's evaluation of such performance;
  - review the report of the external auditor's audit;
  - review any investments or transactions that could adversely affect the wellbeing of the Corporation as the external auditor or any officer of the Corporation may bring to the attention of the Committee;
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- be responsible for the pre-approval of all audit services and permitted non-audit services (including the fees and terms thereof) to be performed for the Corporation and its subsidiaries by the external auditor. The Committee may delegate, to one or more Committee members, the authority to grant pre-approvals for audit and permitted non-audit services to be performed by the Corporation by the external auditor, provided that decisions of such members to grant pre-approvals shall be presented to the full Committee at its next meeting;
- obtain and review a report from the external auditor at least annually addressing
  - i. the external auditor's internal quality control procedures;
  - ii. any material issues raised by the most recent internal quality-control review and peer review of the external auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more audits carried out by the external auditor;
  - iii. any steps taken to deal with any such issues;
  - iv. the external auditor's internal procedures to ensure independence; and
  - v. delineating all relationships between the external auditor and the Corporation;
- require the external auditor to confirm annually, in writing, that it is independent in accordance with applicable independence rules;
- review any notices required to be delivered to the Committee by the external auditor relating to the external auditor's failure to address defects in its quality control systems to the satisfaction of the Canadian Public Accountability Board and make recommendations to the Board as appropriate;
- be responsible for actively engaging in a dialogue with the external auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the external auditor and for recommending that the Board take appropriate action to ensure the independence of the external auditor;
- review and evaluate the qualifications, performance and independence of the lead audit partner of the external auditor and require the rotation of members of the audit engagement team (including the lead audit partner) as required by law and require that the external auditor provide a plan for the orderly transition of audit engagement of team members;
- meet with the external auditor to discuss the annual financial results and receive the auditor's report thereon; and
- obtain at the expense of the Corporation advice and assistance from independent legal, accounting or other advisors as appropriate.

## **OTHER RESPONSIBILITIES**

The Audit Committee shall:

- perform other activities related to this Charter as requested by the Board of Directors; and
- institute and oversee special investigations as needed;

## **LEGAL AND REGULATORY COMPLIANCE**

The Audit Committee shall:

- review annual report on any litigation matters which could significantly affect the Corporation's financial statements;
- review the adequacy and effectiveness of the Corporation's policies and procedures for compliance with legal and regulatory requirements and the results of such policies and procedures;
- review reports of regulators to the Corporation and the resultant action by management;
- review the Code of Conduct and Ethics and related policies applicable to employees, officers, and directors and other agents and associates of the Corporation at least annually and make recommendations to the Board as appropriate;
- provide oversight as needed to ensure that the Corporation effectively prevents and/or detects violations of law, regulation, Corporation policy, special conditions imposed on the Corporation by any licensing authorities, and the Code of Conduct and Ethics by the Corporation's employees, officers, directors and other agents and associates of the Corporation; and,
- receive such reports of relevant conduct, misconduct, and other issues as the Chief Financial Officer deems appropriate to the Committee. The Chief Financial Officer shall report to the Committee potential criminal acts and serious violations of the Code of Conduct committed by employees, officers, directors and other agents and associates of the Company, including vendors and customers, and all disciplinary actions and remedial measures involving compliance infractions as soon as practicable after the Chief Financial Officer becomes aware of them and no later than the next scheduled meeting of the Committee.

## **BUSINESS CONDUCT AND ETHICS**

The Audit Committee shall:

- establish and review annually procedures for:
  - the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls over financial reporting or audit matters; and
  - the confidential anonymous submission of concerns by employees of the Corporation regarding questionable accounting or audit matters;
- periodically review the Corporation's Code of Conduct and Ethics for senior financial officers and approve any amendments of that code; and
- review quarterly reports relating to employee concerns, including concerns related to questionable accounting, internal controls over financial reporting or audit matters.
- disciplinary actions and remedial measures involving compliance infractions as soon as practicable after the Chief Financial Officer becomes aware of them and no later than the next scheduled meeting of the Committee.

## **CONFLICTS OF INTEREST AND CONFIDENTIAL INFORMATION**

The Audit Committee shall:

- monitor the procedures established by the Corporation and subsidiaries to identify, resolve and, where possible, reduce incidences of, conflict of interest;
- monitor the procedures established by the Corporation and subsidiaries to restrict the use and disclosure of confidential information, including customer and employee information, and to monitor compliance with the obligations imposed by Privacy legislation; and
- review reports to the Committee relating to the use and disclosure of customer and
- employee information.

## **PRE-APPROVAL POLICIES AND PROCEDURES**

The Audit Committee has adopted a Policy Regarding Pre-approval of Services Provided by the External Auditor (the "Policy"). The Policy sets out audit services that are pre-approved by the Committee, outlines prohibited non-audit services and sets out a pre-approved list of permitted non-audited services. The pre-approved list of permitted non-audit services is to be reviewed and pre-approved periodically and certain other non-audit services must be approved on a case-by-case basis by the Audit Committee. The Policy further requires that the external auditor implement its own policies and procedures to provide that prohibited services are not provided and that permitted services are pre-approved before an engagement is accepted.

## **ANNUAL REVIEW AND ASSESSMENT**

The Committee shall conduct an annual review and assessment of its performance, including a review of its compliance with this Charter, in accordance with the process developed and approved by the Board. The Committee shall conduct such review and assessment in such manner as it deems appropriate and report the results to the Board.

The Committee shall also review and assess the adequacy of the mandate within the Charter on an annual basis taking into account all legislative and regulatory requirements applicable to the Committee as well as any best practice guidelines recommended by regulators or stock exchanges with which the Corporation has a reporting relationship and, if appropriate, shall recommend changes to the Board.

## **DEFINITIONS**

The various terms used within this Charter have the meanings attributed to them below:

“Accounting Principles” has the meaning ascribed to it in National Instrument 52-107 Acceptable Accounting Principles, Auditing Standards and Reporting Currency.

“Audit Committee” means a committee (or an equivalent body) established by and among the Board of Directors of the Corporation for the purpose of overseeing the accounting and financial reporting processes of the Corporation and audits of the financial statements of the Corporation, and, if no such committee exists, the entire Board of Directors of the Corporation.

“Control” means the direct or indirect power to direct or cause the direction of the management and policies of the Corporation, whether through ownership of voting securities or otherwise.

“Financially Literate” means 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 Corporation’s financial statements.

“Material Relationship” means a relationship which could, in the view of the Corporation’s Board of Directors, reasonably interfere with the exercise of a member’s independent judgment.

# Corporate Information

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## Directors

Anne Louise Bartlett<sup>123</sup>

Gerard Janssen<sup>123</sup>

Brian Newman<sup>123</sup>

Rick Skauge

Greg Walter<sup>123</sup>

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## Officers

Rick Skauge

Chief Executive Officer and President

Royce Lee

Chief Financial Officer

## Transfer Agent

CST Trust Company

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Tel: 1-800-387-0825

## Board Committees

1 Audit Committee

2 Corporate Governance and  
Nomination Committee

3 Compensation Committee

## Auditors

Kenway Mack Slusarchuk Stewart LLP Chartered  
Accountants

Suite 1500, 333 - 11th Avenue SW

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