

# **GULF & PACIFIC EQUITIES CORP.**

**Annual General and Special Meeting of Shareholders  
June 3, 2020**

**Notice of Meeting and  
Management Information Circular  
Dated April 23, 2020**



**GULF & PACIFIC EQUITIES CORP.**  
**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING**  
**OF SHAREHOLDERS**  
**June 3, 2020**

**TO THE SHAREHOLDERS:**

NOTICE IS HEREBY GIVEN that the Annual General and Special Meeting (the “**Meeting**”) of shareholders of Gulf & Pacific Equities Corp. (the “**Corporation**”) will be held at the Calgary Marriott Downtown, 110 – 9<sup>th</sup> Ave. SE, Calgary, Alberta, T2G 5A7, on June 3, 2020 at the hour of 9:00 a.m. (local time) for the following purposes:

1. to receive and consider the audited financial statements of the Corporation for the financial year ended December 31, 2019, and the auditor’s report thereon;
2. to determine the number of and to elect the directors of the Corporation for the ensuing year;
3. to appoint the auditors of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix the auditors’ remuneration;
4. to approve the stock option plan of the Corporation; and
5. to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

Shareholders are referred to the accompanying Management Information Circular for more detailed information with respect to the matters to be considered at the Meeting.

**PERSONAL ATTENDANCE AT THE MEETING DISCOURAGED IN LIGHT OF COVID-19**

We intend to hold the meeting in person. However, in view of the current and rapidly evolving COVID-19 outbreak, we ask that, in considering whether to attend the meeting in person, shareholders follow the instructions of the Public Health Agency of Canada (PHAC) ([www.canada.ca/en/public-health.html](http://www.canada.ca/en/public-health.html)) and Alberta Health Services ([www.albertahealthservices.ca](http://www.albertahealthservices.ca)). Access to our meeting will, subject our by-laws, be limited to essential personnel and registered shareholders and proxyholders entitled to attend and vote at the meeting.

We may take additional precautionary measures in relation to the meeting in response to further developments with the COVID-19 outbreak. In the event it is not possible or advisable to hold our meeting in person, we will announce alternative arrangements for the meeting as promptly as practicable, which may include postponing the meeting or holding the meeting entirely by electronic means, telephone or other communication facilities. If you are planning to attend the meeting, please check our website ([www.gpequities.com](http://www.gpequities.com)) one week prior to the date of the meeting.

We encourage shareholders not to attend the meeting in person, particularly if they are experiencing any of the described COVID-19 symptoms of fever, cough or difficulty breathing. Instead, we encourage shareholders to date and sign the enclosed form of proxy and return it in the envelope

provided. All proxies to be used at the Meeting must be received by Computershare Trust Company of Canada, the registrar and transfer agent for the Corporation, Attn: Proxy Department, 8<sup>th</sup> Floor, 100 University Ave, Toronto, ON, M5J 2Y1 at least 48 hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting or any adjournment thereof.

Holders of common shares of the Corporation of record at the close of business on April 27, 2020 are entitled to notice of the Meeting and to vote thereat or at any adjournment(s) thereof. The transfer books will not be closed.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "*Anthony J. Cohen*"

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Anthony J. Cohen, President

Toronto, Ontario  
April 23, 2020

## **GULF & PACIFIC EQUITIES CORP.**

1240 Bay Street, Suite 800  
Toronto, Ontario M5R 2A7  
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### **ANNUAL GENERAL AND SPECIAL MEETING JUNE 3, 2020**

#### **MANAGEMENT INFORMATION CIRCULAR**

**Note:** Shareholders who do not hold their shares in their own name as registered shareholders should read "Advice to Beneficial Shareholders" herein for an explanation of their rights.

#### **SOLICITATION OF PROXIES**

This Management Information Circular (the "Circular") is provided in connection with the solicitation by management of Gulf & Pacific Equities Corp. (the "Corporation") of proxies, from the holders of common shares ("Common Shares") for use at the annual general and special meeting of the shareholders of the Corporation (the "Meeting") to be held at the Calgary Marriott Downtown, 110 - 9<sup>th</sup> Ave. SE, Calgary, Alberta, T2G 5A7, on June 3, 2020 at 9:00 a.m. and at any adjournment thereof, for the purposes set forth in the Notice of Annual General and Special Meeting accompanying this Circular. The information contained herein is as of April 23, 2020 unless otherwise stated.

The Board of Directors and management of the Corporation contemplate a solicitation of proxies primarily by mail. Proxies may also be solicited personally or by telephone by directors or officers of the Corporation who will not be additionally compensated therefor. The cost of soliciting the proxies will be borne by the Corporation.

#### **APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the enclosed form of proxy are directors and officers of the Corporation. A shareholder of the Corporation submitting a proxy has the right to appoint a nominee (who need not be a shareholder of the Corporation) to represent him or her at the Meeting other than the persons designated in the enclosed proxy form by inserting the name of his chosen nominee in the blank space provided for that purpose on the form, or by completing another proper form of proxy. Such shareholder should notify the nominee of his appointment, obtain his consent to act as proxy and should instruct him or her on how the shareholder's Common Shares are to be voted. In any case, the form of proxy should be dated and executed by the shareholder or, where the form of proxy has been executed by an attorney of the shareholder, by the shareholder's attorney authorized in writing, with proof of such authorization attached.

If voting by phone or internet, a shareholder will need the pre-printed control number and holder account number on the form of proxy. A proxy submitted by mail will not be valid for the Meeting or any adjournment thereof unless it is signed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporation, signed under its corporate seal and executed by a duly authorized officer or attorney of the corporation. A completed and signed proxy form or phone and internet vote must be delivered to and received by Computershare Trust Company of Canada, Attn: Proxy Department, 8<sup>th</sup> Floor, 100 University Ave, Toronto, ON, M5J 2Y1, at least 48 hours, excluding Saturdays, Sundays and holidays, before the day of the Meeting or any adjournment thereof.

**In addition to revocation in any other manner permitted by law, a shareholder who has given a proxy may revoke it, any time before it is exercised, by instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal executed by a duly authorized officer or attorney of the corporation and deposited at the office of Computershare Trust Company of Canada, Attn: Proxy Department, 8<sup>th</sup> Floor, 100 University Ave, Toronto, ON, M5J 2Y1 at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting or any adjournment thereof.**

#### **ADVICE TO BENEFICIAL SHAREHOLDERS**

**The information set forth in this section is provided to beneficial holders of Common Shares who do not hold their Common Shares in their own name (“Beneficial Shareholders”).** Beneficial Shareholders should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Beneficial Shareholder’s name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Beneficial Shareholder’s broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominees for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting Common Shares for their clients. The Corporation does not know for whose benefit the Common Shares registered in the name of CDS & Co. are held. Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered

Shareholders. However, its purpose is limited to instructing the registered Shareholders how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("Broadridge"). Broadridge typically applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to Broadridge. Often Beneficial Shareholders are alternatively provided with a toll-free telephone number or Internet website address to vote their Common Shares. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction request or a proxy with a Broadridge sticker on it cannot use that instruction request or proxy to vote Common Shares directly at the Meeting as the proxy must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted. Accordingly, it is strongly suggested that Beneficial Shareholders return their completed instructions or proxies as directed by Broadridge well in advance of the Meeting. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Since the Corporation may not have access to the names of its non-registered Shareholders, if a Beneficial Shareholder attends the Meeting, the Corporation will have no record of the Beneficial Shareholder's shareholdings or of its entitlement to vote unless the Beneficial Shareholder's nominee has appointed the Beneficial Shareholder as proxyholder. Therefore, a Beneficial Shareholder who wishes to vote in person at the Meeting must insert its own name in the space provided on the voting instruction form ("VIF") sent to the Beneficial Shareholder by its nominee, and sign and return the VIF by following the signing and retuning instructions provided by its nominee. By so doing, the Beneficial Shareholder will be instructing its nominee to appoint the Beneficial Shareholder as proxyholder. The Beneficial Shareholder should not otherwise complete the VIF as its vote will be taken at the Meeting. A VIF (which is not a proxy) is normally mailed to non-registered shareholders by their broker.

If you receive a VIF from Broadridge, a broker or an intermediary, it is not a valid form of proxy and you cannot use it to vote Shares directly at the Meeting, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the Shares voted. The scrutineer of the Meeting cannot count the votes of a non-registered shareholder wishing to vote in person or by proxy at the Meeting unless such shareholder holds a valid form of proxy from the intermediary. Such Shareholders need to contact their broker or intermediary immediately and arrange delivery to them of a valid form of proxy.

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

Copies of the Corporation's Notice of Meeting, this Circular and the Form of Proxy are being sent to both registered and non-registered shareholders. If you are a non-registered shareholder, and the Company or its agent, Computershare Trust Company of Canada, has sent these materials directly to you, your name, address and information about your shareholdings, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions.

Objecting Beneficial Owners ("OBOs") and other beneficial holders will receive a VIF from an intermediary. Detailed instructions of how to submit your vote will be on the VIF.

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

#### NOTICE TO SHAREHOLDERS IN THE UNITED STATES

The solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the province of Alberta and the securities laws of the provinces of Canada. The proxy solicitation rules under the *United States Securities Exchange Act of 1934*, as amended, are not applicable to the Corporation or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

#### VOTING OF PROXIES

The persons named in the enclosed form of proxy have been designated by the Corporation and have indicated their willingness to represent as proxy the shareholder who appoints them. Each shareholder may instruct his proxy how to vote his Common Shares by completing the blanks on the proxy form.

The Common Shares represented by a proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and, if the shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. **IN THE ABSENCE OF SUCH CHOICE BEING SPECIFIED, THE COMMON SHARES WILL BE VOTED IN FAVOUR OF THE MATTERS TO BE VOTED ON. ALL PROXIES SUBMITTED, REGARDLESS OF HOW VOTED, WILL BE INCLUDED FOR PURPOSES OF DETERMINING WHETHER A QUORUM IS PRESENT FOR THE MEETING.**

**The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments and variations to matters identified in the**

**Notice of Meeting and with respect to any other matters which may properly come before the Meeting. As of the date of this Circular, the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. In the event that other matters come before the Meeting, then the intention is to vote in accordance with the judgment of the nominee.**

## **QUORUM**

The by-laws of the Corporation provide that a quorum of shareholders is present at a meeting of Shareholders of the Corporation if at least 2 persons are present at the meeting, holding or representing by proxy not less than (5%) of the outstanding shares of the Corporation entitled to vote at the Meeting.

## **RECORD DATE, VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The record date for the Meeting has been established as the close of business on April 27, 2020 (the “**Record Date**”) for the determination of shareholders of the Corporation entitled to receive notice of and to vote their Common Shares at the Meeting, except to the extent that: (a) the holder has transferred the ownership of any of the holder’s Common Shares after the Record Date; and (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that the transferee owns the Common Shares, and demands, not later than the close of business 10 days before the Meeting, that the transferee’s name be included in the list of shareholders entitled to vote at the Meeting, in which case the transferee is entitled to vote such Common Shares at the Meeting.

As at the date hereof, the Corporation has an authorized capital consisting of an unlimited number of Common Shares, of which 21,290,685 Common Shares are issued and outstanding and an unlimited number of Preferred Shares, issuable in series, of which no Preferred Shares are issued and outstanding.

To the best of the knowledge of the directors and executive officers of the Corporation based on publicly available records and previously provided information, the only people, firm or corporation which beneficially owns, directly or indirectly, or exercises control or direction over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation, as at the date of this Circular is:

Name and Municipality of Residence	Type of Ownership	Number of Common Shares	Percentage of Common Shares
Anthony J. Cohen Toronto, Ontario	Direct and Indirect	10,832,389	50.88%
Dwayne John Ross	Direct	3,590,371	16.86%

As at the date of this Circular, the directors and senior officers of the Corporation as a group beneficially owned, directly or indirectly, 11,340,889 Common Shares of the Corporation constituting approximately 53.27% of the issued and outstanding Common Shares.

## BUSINESS OF THE MEETING

To the knowledge of the Board of Directors of the Corporation, the only matters to be brought before the Meeting are those set forth in the accompanying Notice of Meeting.

### 1. *Financial Statements*

The Corporation will submit to the shareholders at the Meeting the financial statements of the Corporation for the fiscal year ended December 31, 2019 and the auditors' report thereon, but no vote by the shareholders with respect thereto is required or proposed to be taken. These documents and additional documents are also available via the internet on [www.sedar.com](http://www.sedar.com).

### 2. *Election of Directors*

The articles of the Corporation provide that the Corporation shall have a minimum of three and a maximum of nine directors. At present, the Board of Directors consists of five persons. It is proposed that five persons be elected as directors of the Corporation at the Meeting, to take office immediately following the completion of the Meeting and to serve until the next annual meeting of shareholders. **THE PERSONS DESIGNATED IN THE ENCLOSED FORM OF PROXY, UNLESS OTHERWISE INSTRUCTED, INTEND TO VOTE FOR THE ELECTION OF THE NOMINEES SET FORTH BELOW.** Management does not contemplate that any of the nominees will be unable to serve as directors, but, if that should occur for any reason prior to the Meeting, the persons designated in the enclosed form of proxy reserve the right to vote for other nominees in their discretion.

The following information relating to the nominees as directors is based partly on the Corporation's records and partly on information received by the Corporation from said nominees, and sets forth the name and municipal address of each of the persons proposed to be nominated for election as a director, his current principal occupation, all other positions and offices in the Corporation held by him, the year in which he was first elected a director,

and the number of common shares of the Corporation that he has advised are beneficially owned by him, directly or indirectly, or over which control or direction is exercised by him.

Name, Province or State and Country of Residence of Nominee	Position Presently Held	Director Since	Principal Occupation, Business or Employment	Number and Percentage of Common Shares Beneficially Owned or Controlled as of December 31, 2019
Anthony J. Cohen Toronto, Ontario, Canada	President, Chief Executive Officer and Director	April 8, 1998	President and Chief Executive Officer, Gulf & Pacific Equities Corp.	10,832,389 50.88%
Greg K.W. Wong Toronto, Ontario, Canada	Chief Financial Officer and Director	October 23, 2006	Chief Financial Officer of the Corporation and Plato Gold Corp.	90,000 0.42%
Constantine D. Buzunis <sup>(1)(2)</sup> San Diego, California, USA	Director	June 20, 2001	Lawyer	138,500 0.65%
Dr. Ernest C. Cholakis <sup>(1)(2)</sup> Winnipeg, Manitoba, Canada	Director	June 20, 2001	President & Chief Executive Officer of Canadian Dental Management	280,000 1.32%
Dean J. Dovolis <sup>(1)(2)</sup> Minneapolis, Minnesota, USA	Director	April 8, 1998	Principal, DJR Architecture, Inc.	0 0.00%

Notes:

- (1) Members of the Audit Committee.
- (2) Members of the Compensation and Corporate Governance Committee.
- (3) The term for each director shall expire on June 3, 2020.
- (4) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Corporation and has been furnished by the respective nominees. Each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years.

### Cease Trade Orders or Bankruptcies

No proposed director, within 10 years before the date of this Circular, has been a director or executive officer of any company that, while that person was acting in that capacity:

- (a) Was the subject of a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

- (b) Was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) Within a year of that person ceasing to act in such 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.

### **Personal Bankruptcies**

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

### **Penalties and Sanctions**

No proposed director 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.

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

MNP LLP, Chartered Accountants, are currently the auditors of the Corporation. **IT IS THE INTENTION OF THE MANAGEMENT DESIGNEES, IF NAMED AS PROXY, TO VOTE FOR THE APPOINTMENT OF MNP LLP AS THE AUDITORS OF THE CORPORATION**, to hold office until the next annual meeting of the shareholders, at a remuneration to be fixed by the Board of Directors. On the recommendation of the Audit Committee, the Board of Directors of the Corporation engaged the accounting firm of MNP LLP, Chartered Accountants, as the Corporation's auditors on March 8, 2013. MNP LLP was re-appointed as the Corporation's auditors at the Corporation's last annual general meeting, by a majority of the Corporation's shareholders, on June 12, 2019.

The appointment of the auditors must be approved by a majority of votes cast by the Shareholders.

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

To remain in compliance with the policies of the TSX Venture Exchange, which requires annual shareholder approval of the Corporation's stock option plan (the "**Stock Option Plan**"), the Corporation will be presenting to the shareholders for approval the amended and restated Stock Option Plan, a copy of which is attached as Schedule "A" and may be viewed on SEDAR at [www.sedar.com](http://www.sedar.com).

The Stock Option Plan reserves a maximum of 10% of the issued and outstanding shares of the Corporation (determined at the time of the stock option grant) for issuance upon the exercise of stock options granted pursuant to the Stock Option Plan. Currently there are 21,290,685 Common Shares issued and outstanding, and therefore as at the date hereof, approximately 2,129,068 Common Shares are available for issuance under the Stock Option Plan, with such number increasing in accordance with the number of issued and outstanding Common Shares. The stock options granted under the Stock Option Plan shall not result at any time in: (a) the number of Common Shares reserved for issuance pursuant to stock options granted to Insiders (as defined in the Stock Option Plan) exceeding 10% of the issued and outstanding Common Shares; (b) the grant to Insiders within a 12 month period, of a number of stock options exceeding 10% of the outstanding Common Shares; (c) the grant to any one Optionee (as defined in the Stock Option Plan) within a 12 month period, of a number of stock options exceeding 5% of the issued and outstanding Common Shares unless the Corporation obtains the requisite disinterested shareholder approval; (d) the grant to all persons engaged by the Corporation to provide Investor Relations Activities (as defined in the Stock Option Plan), within any 12 month period, of stock options reserving for issuance a number of Common Shares exceeding in the aggregate 2% of the Corporation's issued and outstanding Common Shares.

The term of an option shall be not more than 10 years from the date the option is granted. If an Optionee ceases to be a director, officer, employee or consultant of the Corporation for any reason other than death, the Optionee may, but only within 6 months after the Optionee ceasing to be a director, officer, employee or consultant or prior to the expiry of the exercise period, whichever is earlier, exercise any stock option held by the Optionee was entitled to exercise the stock option at the date of such cessation. In the event of death of an Optionee, the stock option previously granted shall be exercisable within 1 year following the date of death or prior to the expiry of the stock option, whichever is earlier.

For more information see "Stock Option Plan" and refer to Schedule "A" where the amended and restated Stock Option Plan is set out in full.

The shareholders of the Corporation will be asked to consider, and if thought fit, to pass the following resolutions (the "**Stock Option Resolution**"):

**“BE IT RESOLVED THAT:**

1. the amended and restated stock option plan (the “**Plan**”) of Gulf & Pacific Equities Corp. (“**Gulf**”) is authorized, approved and adopted in substantially the form attached as Schedule “A” to the Management Information Circular of Gulf dated April 23, 2020 (the “**Information Circular**”) prepared for the purposes of the annual and general meeting of holders of common shares of Gulf and acceptance by TSX Venture Exchange;
2. any one director or officer is authorized to amend the Plan should such amendments be required by applicable regulatory authorities including, but not limited to, the stock exchange on which the common shares of Gulf are listed;
3. any one director or officer is authorized to execute and deliver all such deeds, documents and other writings and perform such acts as may be necessary in order to give effect to the foregoing resolutions”

The Stock Option Resolution must be passed by a majority of the votes cast by shareholders of the Corporation who vote at the Meeting either in person or by proxy. **IT IS THE INTENTION OF THE MANAGEMENT DESIGNEES, IF NAMED AS PROXY, TO VOTE FOR THE CONFIRMATION OF THE STOCK OPTION PLAN OF THE CORPORATION UNLESS OTHERWISE DIRECTED.**

**5. *Other Matters Coming Before the Meeting***

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

**EXECUTIVE COMPENSATION- VENTURE ISSUER**

**Director and Named Executive Compensation, Excluding Compensation Securities.**

The following table sets forth direct and indirect compensation (excluding compensation securities) paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Corporation, or a subsidiary of the Corporation, to each Named Executive Officer (“**NEO**”) and each director of the Corporation, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct or indirect pay, remuneration or financial award, reward, benefit, gift or perquisite paid, payable awarded, granted, given or otherwise provided to the NEO or director for services provided and services to be

provided, directly or indirectly, to the Corporation, for each of the Corporation's two most recently completed financial years.

Table of compensation excluding compensation securities.							
Name and Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other Compensation (\$)	Total Compensation
Anthony J. Cohen President and Chief Executive Officer <sup>(1)</sup>	2019	168,714	NIL	\$10,000 <sup>(3)</sup>	NIL	NIL	178,714
	2018	168,714	NIL	\$10,000 <sup>(3)</sup>	NIL	NIL	178,714
Greg K. W. Wong, Chief Financial Officer <sup>(2)</sup>	2019	104,376	NIL	\$20,000 <sup>(3)(4)</sup>	NIL	NIL	124,376
	2018	104,376	NIL	\$20,000 <sup>(3)(4)</sup>	NIL	NIL	124,376
Constantine D. Buzinis, Director	2019	NIL	NIL	10,000	NIL	NIL	10,000
	2018	NIL	NIL	10,000	NIL	NIL	10,000
Dr. Ernest C. Cholakis, Director	2019	NIL	NIL	10,000	NIL	NIL	10,000
	2018	NIL	NIL	10,000	NIL	NIL	10,000
Dean J. Dovolis, Director	2019	NIL	NIL	10,000	NIL	NIL	10,000
	2018	NIL	NIL	10,000	NIL	NIL	10,000

Notes:

- (1) Mr. Cohen's salary was determined by the Board of Directors of the Corporation and is subject to revision. Mr. Cohen does not currently have an employment agreement with the Corporation.
- (2) Mr. Wong's salary was determined by the Board of Directors of the Corporation and is subject to revision. Mr. Wong is paid as a consultant.
- (3) Mr. Cohen and Mr. Wong are scheduled to receive \$10,000 in 2019 and 2018 for services performed as inside directors to the Corporation.
- (4) Mr. Wong received \$10,000 in 2019 and 2018 in compensation for his services as the Corporation's Corporate Secretary.

### Stock Options and Other Compensation Securities

The following table discloses all compensation securities granted or issued to each director and Named Executive Officer by the Corporation or one of its subsidiaries in the most

recently completed financial year for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries.

Compensation Securities.							
Name and Position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of Issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Anthony J. Cohen President and Chief Executive Officer <sup>(1)</sup>	Stock Options	NIL	NIL	NIL	NIL	NIL	NIL
Greg K. W. Wong, Chief Financial Officer <sup>(2)</sup>	Stock Options	NIL	NIL	NIL	NIL	NIL	NIL
Constantine D. Buzinis, Director	Stock Options	NIL	NIL	NIL	NIL	NIL	NIL
Dr. Ernest C. Cholakias, Director	Stock Options	NIL	NIL	NIL	NIL	NIL	NIL
Dean J. Dovolis, Director	Stock Options	NIL	NIL	NIL	NIL	NIL	NIL

As of December 31, 2019, the following stock options were outstanding:

Each of Mr. Anthony Cohen, Mr. Greg Wong, Mr. Constantine D. Buzinis, Dr. Ernest C. Cholakias, and Mr. Dean J. Dovolis own an aggregate of 197,200 stock options each exercisable into one common share.

### Stock Options and Other Incentive Plans

As previously indicated, the Corporation has a Stock Option Plan. The purpose of the Stock Option Plan is to afford persons who provide services to the Corporation, whether as directors, officers, employees or consultants, an opportunity to obtain a proprietary interest in the Corporation by permitting them to purchase Common Shares and to aid in attracting as well as retaining and encouraging the continued involvement of such persons with the

Corporation. The total number of Common Shares issuable under the Stock Option Plan is 2,129,068 Common Shares.

Under the Stock Option Plan, stock options (“**Options**”) may be issued to directors, officers, employees of, and consultants to, the Corporation in accordance with the rules and policies of any stock exchange or exchanges on which the Common Shares are listed and any other regulatory body having jurisdiction (collectively referred to as the “**Exchange**”). The Stock Option Plan provides for the price of the Options to be determined by the Board of Directors of the Corporation provided that the exercise price of the Options may not be less than that permitted by the Exchange. Options granted under the Stock Option Plan will be for a term of no longer than the maximum period of time permitted by the Exchange after the date of grant and the vesting of such options is determined by the Corporation’s Board of Directors on a case-by-case basis.

For more information, refer to Schedule “A” where the Stock Option Plan is set out in full.

#### **Exercise of Compensation Securities by Directors and NEOs**

No compensation securities were exercised by directors or Named Executive Officers during the financial year ended December 31, 2019.

#### **Employment, Consulting and Management Agreements.**

At this time there are no employment contracts with the Named Executive Officers.

#### **Oversight and Description of Director and Named Executive Officer Compensation**

The Corporation believes that the experience, skills, engagement, dedication and motivation of the Named Executive Officers are important factors that may have a direct effect on the Corporation’s performance and ability to provide growth of shareholder value. It is the view of the Corporation that the total compensation should be established at a competitive level to attract, retain and motivate the executive officers to achieve its business objectives. The retention of executive officers, their talent, skills and experience is enabled through a competitive compensation system.

The Compensation and Corporate Governance Committee of the Board of Directors (the “**Compensation Committee**”) which is composed of Constantine D. Buzunis, Dr. Ernest C. Cholakis and Dean Dovolis all of whom are independent directors, is responsible for establishing policies with respect to compensation of the Named Officers of the Corporation. It has overall responsibilities for approving and evaluating plans, policies and programs related to executive compensation. The Compensation Committee utilizes two primary compensation elements and such elements are aligned with certain goals and objectives: base salary and stock options. Each of these compensation elements are discussed in detail below.

#### **Objectives of the Corporation’s Compensation Program**

When determining executive compensation, the Compensation Committee has the following objectives:

- Attract, retain and motivate executive officers in a highly competitive environment.
- Provide compensation based on performance.
- Provide incentives that motivate performance.
- By motivating performance through compensation, add shareholder value.
- Recognize the value, dedication and contribution of executive officers; and
- Provide compensation which is competitive with that provided by other corporations comparable in size with the Corporation and that operate in the same industry.

### **Independent Advice**

The Compensation Committee has the power to retain outside compensation consultants, counsel and other experts and advisors as it determines appropriate to assist in the performance of its functions. The Compensation Committee may consider independent advice; however final recommendations related to compensation are made solely by the Compensation Committee to the Board. The Board has final approval on all recommendations by the Compensation Committee. During 2019, the Compensation Committee did not engage the services of any outside compensation consultants.

### **Elements of Executive Compensation**

As mentioned, it is the Corporation's objective to provide the Named Executive Officers with competitive compensation based upon the overall financial performance of the Corporation, their contributions to the financial success of the Corporation and their personal performance. The compensation package for Named Executive Officers is comprised of two elements: (i) base salary, which is designed primarily to be competitive with salary levels in the industry as well as reflect individual performance through merit increases; and (ii) equity-based incentive awards which provide enhanced executive compensation opportunities in return for performance intended to increase shareholder value.

The factors which the Compensation Committee considered in establishing the individual components of each Named Executive Officer's compensation package for fiscal year 2019 are summarized below. The Compensation Committee may in its discretion apply entirely different factors, particularly different measures of financial performance, in setting Named Executive Officer compensation.

### **Base Salary**

The Corporation provides Named Executive Officers with a fixed base salary set at a level to allow the Corporation to attract, motivate and retain highly qualified executives. The base salary for each Named Executive Officer is determined on the basis of the following factors: responsibilities, experience, skill, performance, potential for growth, and the average salary levels in effect for comparable position within the industry against which the Corporation competes to attract superior executive talent. The base salary level rewards executive performance and their contribution to the Corporation. For the purposes of maintaining competitive compensation, the Compensation Committee periodically refers to

compensation surveys, advice from compensation consultants and other informative sources. Salary levels are reviewed and considered annually as part of the Corporation's performance review process. Merit based increases to salaries are based on the assessment made by the Compensation Committee of the individual's performance, skill set and competitive market factors.

The Compensation Committee reviews the annual base salary of Chief Executive Officer in addition to reviewing the compensation paid to the Chief Financial Officer.

### **Incentive Compensation**

Long-term incentives are provided through stock options. The Corporation and the Compensation Committee believe that stock-based compensation aligns the interests of the executive officers of the Corporation with that of the shareholders. The Compensation Committee sets equity grant levels to executive officers based on a variety of factors, including the individual performance and contribution of the executive officer and having the objective to keep the Corporation's overall compensation competitive.

Stock options are granted in accordance with the TSX Venture Exchange (the "Exchange") Rules. It is the Corporation's policy that options should not be granted during blackout trading periods. Stock options generally expire 10 years from the date of grant.

### **Director Compensation**

Independent Directors receive an annual retainer of \$10,000 and inside directors receive an annual retainer of \$10,000. Periodically, the directors receive grants of stock options, pursuant to the Plan. The Board of Directors of the Corporation is responsible for determining all forms of compensation to be granted to the President and Chief Executive Officer and Chief Financial Officer and the directors, and for reviewing the President and Chief Executive Officer's recommendations respecting compensation of the other senior executives of the Corporation. In this regard, the Board of Directors of the Corporation considers, among other things, that recruitment and retention of qualified executives is critical to the Corporation's success, that compensation must be fair and competitive and that performance needs to be rewarded. The compensation paid to executive officers consists of a combination of base salary, performance incentives and options.

### **Pension Disclosure.**

The Corporation does not provide a pension to directors or Named Executive Officers.

## Equity Compensation Plan Information

The following table sets out securities authorized for issuance under any equity compensation plan of the Corporation as at December 31, 2019.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans(excluding securities reflected in column (a) <sup>(1)</sup> (c)
Equity compensation plan approved by securityholders	1,041,000	\$0.257	1,088,069
Equity compensation plans not approved by securityholders	NIL	NIL	NIL
<b>TOTAL</b>	1,041,000	\$0.257	1,088,069

Notes:

- (1) The aggregate number of Common Shares that may be reserved for issuance under the Stock Option Plan shall not exceed 10% of the Corporation's issued and outstanding Common Shares. As at December 31, 2019, the number of Common Shares issued and outstanding was 21,290,685.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the Corporation's directors, executive officers or employees, or former directors, executive officers or employees, nor any associate of such individual, is as of the date hereof, or has been, during the fiscal year ended December 31, 2019 indebted to the Corporation or any of its subsidiaries in connection with a purchase of securities or otherwise. In addition, no indebtedness of these individuals to another entity has been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding of the Corporation.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Management is not aware of any material interest, direct or indirect, of any Informed Person (as defined below) of the Corporation or proposed nominee for election as a director of the Corporation, or their respective associates or affiliates, in any transaction since the commencement of the Corporation's last financial year or in any proposed transaction that has materially affected or would materially affect the Corporation or any of its subsidiaries, other than as follows:

- During the year ended December 31, 2019, the Corporation charged related parties (CEYX Properties Ltd. and Plato Gold Corp.) rent totalling approximately \$6,000. Those parties are related to the Corporation due to the

fact that Anthony J. Cohen, a director, the President and Chief Executive Officer of the Corporation is also a director, the President and Chief Executive Officer of those related parties. Also, Greg K. W. Wong, the Chief Financial Officer of the Corporation is also the Chief Financial Officer of Plato Gold Corp. As of the date hereof, accounts receivable in an amount of \$11,300 as of December 31, 2019 is due from these related parties.

- During the year ended December 31, 2019, the Corporation incurred accounting fees with Forbes Anderson LLP which Paul Anderson, the Treasurer of the Corporation is a partner. As of the date hereof, accounts payable and accrued liabilities included \$42,396 payable to Forbes Anderson LLP.
- During the year ended December 31, 2019, the Corporation, as borrower, and CEYX Properties Ltd., as lender, were party to a Loan Agreement providing for an unsecured revolving loan facility in the amount of up to \$6,000,000. The interest rate payable by the Corporation is equal to 6.0% per annum on the outstanding amount at any point in time. This loan facility is not payable until demand in writing is provided by CEYX Properties Ltd. During the year ended December 31, 2019, CEYX Properties Ltd. was repaid an aggregate amount of \$200,000, resulting in interest owing, as at year-end, of \$1,367,988 and a year-end principal balance owing of \$4,347,000. CEYX Properties Ltd. is related to the Corporation due to the fact that Anthony J. Cohen, a director, the President and Chief Executive Officer of the Corporation is also a director, the President and Chief Executive Officer of CEYX Properties Ltd.

“Informed Person” means a director or executive officer of a reporting issuer; a director or executive officer of a person or company that is itself an informed person or subsidiary of a reporting issuer; any person or company who beneficially owns, directly or indirectly, voting securities of a reporting issuer or who exercises control or direction over voting securities of a reporting issuer or combination of both carrying more than 10 percent of the voting rights attached to all of the outstanding voting securities of the reporting issuer other than voting securities held by the person or company as an underwriter in the course of a distribution; and a reporting issuer that has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

## **MANAGEMENT CONTRACTS**

There are no management functions of the Corporation or any of its subsidiaries which are to any substantial degree performed by a person or company other than the directors or senior officers of the Corporation or any of its subsidiaries.

## CORPORATE GOVERNANCE DISCLOSURE

The Corporation is a venture issuer (as defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*) and is required to provide the following information in this Circular if the Corporation is soliciting a proxy for the election of Directors.

### Board of Directors

The Board of Directors of the Corporation facilitates its exercise of independent supervision of management of the Corporation by ensuring that the Board of Directors of the Corporation is composed of a majority of independent directors, as defined in National Instrument 52-110 – *Audit Committees*. Currently, the Board of Directors of the Corporation is comprised of 5 members, of whom 3 are independent and two who are not independent, all of whom are nominated for re-election at the Meeting.

The following directors are independent in that they do not have a direct or indirect material relationship with the Corporation or one which could, in the view of the Board of Directors of the Corporation, be reasonably expected to interfere with the exercise of a member's independent judgment:

- Dean J. Dovolis
- Constantine D. Buzunis
- Dr. Ernest C. Cholakis

The following directors are not independent:

- Anthony J. Cohen
- Greg K.W. Wong

Anthony J. Cohen is not independent by virtue of being the President and Chief Executive Officer of the Corporation and Greg K.W. Wong is not independent by virtue of being the Chief Financial Officer of the Corporation.

The Board of Directors of the Corporation is responsible for approving long-term strategic plans and annual operating budgets recommended by management. Board consideration and approval is also required for material contracts and business transactions, and all debt and equity financings.

The Board of Directors of the Corporation delegates to management responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the business of the Corporation in the ordinary course, evaluating new business opportunities and challenges, recruiting people and meeting all legal and regulatory requirements of the business.

### Directorship

The following director of the Corporation is also currently a director of the following reporting issuer:

Name of Director	Name of Other Reporting Issuer	Position with Other Reporting Issuer
Anthony J. Cohen	Plato Gold Corp.	President, Chief Executive Officer and Director

### **Orientation and Continuing Education**

The Board of Directors of the Corporation does not have any formal procedure to orient new board members nor does it have a formal policy of providing continuing education for directors. When a new director is appointed, they have the opportunity to meet the other directors, management and employees, with orientation tailored to the needs and experience of the new director, as well as the overall needs of the Board. New directors are provided with written information about the Board of Directors committees and the business and operations of the Corporation and documents from recent meetings of the Board of Directors of the Corporation.

The Corporation relies upon its professional advisors to update the knowledge of the board members in respect to changes in relevant policies and regulations. The Board of Directors of the Corporation expects to select any new members from persons who have the requisite knowledge and experience to ensure that the lack of formal policy will not detract from the performance of its members.

Members of the Board of Directors of the Corporation are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, to attend related industry seminars and conventions and to visit the Corporation's operations. Members of the Board of Directors of the Corporation have full access to the Corporation's records.

### **Ethical Business Conduct**

The Board of Directors of the Corporation does currently have a written code of business ethics and conduct and a formal "whistleblower policy" (collectively, the "Policies"). The Audit Committee monitors compliance with the Policies, and reviews the Policies periodically, recommending any changes to the Board of Directors of the Corporation.

Other than the Policies, the Board of Directors of the Corporation does not take any formal measures to encourage and promote a culture of ethical business conduct, but, does rely upon the selection of persons as directors, officers and employees who they consider to meet the highest ethical standards.

The Board of Directors of the Corporation itself 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 executive officer has a material interest.

## **Nomination of Directors**

The Board of Directors of the Corporation as a whole is responsible for nominating new members of the Board of Directors and assessing members of the Board of Directors on an ongoing basis. The Board of Directors of the Corporation considers succession planning (including appointment of senior management). The Board of Directors of the Corporation annually reviews the general and specific criteria to consider when directors are being appointed to the Board of Directors. The objective of this review is to recommend that appointments be made to provide the best mix of skills and experience to guide the long-term strategy and ongoing business operations of the Corporation. The review takes into account the desirability of maintaining a balance of skills, experience and background, with appropriate diversity, along with the key common characteristics required for effective participation.

## **Other Board Committees**

The Board of Directors of the Corporation does not have any standing committees other than the Audit Committee and the Compensation and Corporate Governance Committee.

## **Assessments**

The Board of Directors of the Corporation is responsible for annually assessing its overall performance and that of its committees. The objective of this review is to contribute to a process of continuous improvement in the Board of Directors' execution of its responsibilities. The review has regard to the mandate or charter of the Board of Directors of the Corporation or committee and identifies any areas where the directors or management believe that the Board of Directors could make a better collective contribution to overseeing the affairs of the Corporation. The Board of Directors of the Corporation is also responsible for regularly assessing the effectiveness and contribution of the individual directors, having regard to the competencies and skills each director is expected to bring to the Board of Directors.

## **AUDIT COMMITTEE INFORMATION**

### **Audit Committee Charter**

The Audit Committee of the Board of Directors of the Corporation operates under a written charter that sets out its responsibilities and composition requirements. A copy of the charter is attached to this Circular as Schedule "B".

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

The members of the Audit Committee are Dean Dovolis, Dr. Ernest Cholakis and Constantine Buzunis. The Audit Committee charter requires all members to be financially literate and independent within the meaning of applicable securities laws. All members of the Audit Committee meet these requirements.

The following sets out the education and experience of each director relevant to the performance of his duties as a member of the Audit Committee.

*Constantine Buzunis, Director*

Mr. Buzunis obtained his Bachelor of Arts degree from the University of Manitoba in 1980 and a Juris Doctor from Thomas M. Cooley Law School in 1985. Mr. Buzunis is the principal of the Law Offices of Constantine D. Buzunis located in San Diego, California. His practice is concentrated primarily in real estate, construction defect, insurance, personal injury, public entity and business matters. He was admitted to the Bar in Michigan in 1986 and in California in 1987. He is admitted to United States District Courts for the Eastern and Western Districts of Michigan and for the Southern District of California, the United States Court of Appeals for the Ninth Circuit and the Supreme Court of the United States of America. He served on the California State Bar Board of Governors from 1995-1996 and as a President of the California Young Lawyers Association in 1994-1995. Mr. Buzunis has served as a Judge Pro Tempore and Arbitrator for the San Diego Superior Court and has served on the adjunct faculty at Concordia University at their Irvine Campus in Orange County California since 2016.

*Dr. Ernest Cholakis, Director*

Dr. Cholakis has a Doctor of Dental Medicine degree from the University of Manitoba graduating in 1982 and received his fellowship in 1996 from the International College of Implantologists. Since 1984, Dr. Cholakis has been President and Chief Executive Officer of Canadian Dental Management, an interdisciplinary dental health care organization. Dr. Cholakis is a graduate of the University of Chicago's highly respected Executive MBA Program.

*Dean Dovolis, Director*

Mr. Dovolis has been the principal of DJR Architecture Inc. since 1985. He has a Bachelor of Environmental Sciences degree and a Bachelor of Architecture degree from the University of Minnesota in 1979 and a Master of Architecture and Urban Design degree from Harvard University in 1984. He has served on the board of the Corporation since 1998.

**Auditors' Fees**

MNP LLP has been the auditor of the Corporation since March 8, 2013. The table below sets out the aggregate fees billed to the Corporation in the last two fiscal years.

	Year ended December 31, 2019	Year ended December 31, 2018
Audit fees <sup>(1)</sup>	\$43,600	\$42,750
Audit-related fees	\$4,500	NIL
Tax Fees	NIL	NIL
All Other Fees	NIL	NIL
<b>TOTAL</b>	<b>\$48,100</b>	<b>\$42,750</b>

Note:

- (1) These fees relate to services consisting of audit and review of the financial statements and other required securities filings.

### **Audit Committee Oversight**

Since the commencement of the Corporation's most recently completed fiscal year, the Board of Directors has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

### **Reliance On Exemptions**

Since its effective date, the Corporation has not relied on the exemptions contained in sections 2.4, or 8 of National Instrument 52-110 *Audit Committees* ("**NI 52-110**"). Section 2.4, of NI 52-110 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditors, where the total fees relating to such services are not expected to exceed 5% of the total fees payable to the auditors during the fiscal year in which those non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

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

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services but will review the engagement of all such services.

### **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

The Corporation provides, at its expense, insurance for the Corporation's directors and officers as well as directors and officers of the Corporation's affiliates and subsidiaries. The insurance is for liability incurred by any of them in their capacity as a director or officer of the Corporation. This insurance policy provides coverage of up to \$2,000,000 for the directors and officers of the Corporation in aggregate. Each loss or claim is subject to a \$50,000 deductible. The By-laws of the Corporation provide indemnification of the directors and officers, subject to certain limitations. The annual premium for the directors' and officers' liability policy is \$8,300.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders of the Corporation may contact Mr. Greg K. W. Wong, the

Chief Financial Officer of the Corporation at 1240 Bay Street, Suite 800, Toronto, Ontario, M5R 2A7, and Facsimile: (416) 968-3339 to request copies of the Corporation's financial statements and Management's Discussion and Analysis ("**MD&A**"). Financial information is provided in the Corporation's comparative financial statements and MD&A for its most recently completed financial year.

#### **APPROVAL OF THE DIRECTORS**

The contents and the distribution of this Circular have been approved by the Board of Directors of the Corporation.

## SCHEDULE "A"

### GULF & PACIFIC EQUITIES CORP.

#### AMENDED AND RESTATED STOCK OPTION PLAN

AS OF APRIL 27, 2009

AND APPROVED BY SHAREHOLDERS ON JUNE 18, 2009, JUNE 17, 2010,

JUNE 7, 2011, JUNE 7, 2012, JUNE 5, 2013, JUNE 11, 2014, June 17, 2015,

June 22, 2016, June 12, 2017, June 19, 2018 and June 12, 2019.

#### 1. Purpose of the Plan

- 1.1 The purpose of the Plan (as defined below) is to attract, retain and motivate directors, officers, employees and Consultants (as defined below) of the Corporation (as defined below) and its Subsidiaries (as defined below), and to advance the interests of the Corporation by providing such persons with the opportunity, through share options, to acquire an increased proprietary interest in the Corporation.

#### 2. Defined Terms

Where used herein, the following terms shall have the following meanings, respectively:

- 2.1 "Affiliate" means an affiliate, as such term is defined in Section 2 of the *Securities Act* (Alberta), of the Corporation.
- 2.2 "Associate" means an associate, as such term is defined in Subsection 1(c) of the *Securities Act* (Alberta).
- 2.3 "Board" means the board of directors of the Corporation.
- 2.4 "Committee" means a special committee of the Board appointed from time to time by the Board provided that, if at any time the Committee has not been constituted, the Committee shall be deemed for all purposes of the Plan to be the Board.
- 2.5 "Consultant" means an individual (or an Eligible Corporation) who:
- (a) provides ongoing consulting services to the Corporation or an Affiliate under a written contract;
  - (b) possesses technical, business or management expertise of value to the Corporation or an Affiliate;
  - (c) spends a significant amount of time and attention on the business and affairs of the Corporation or an Affiliate; and
  - (d) has a relationship with the Corporation or an Affiliate that enables the individual to be knowledgeable about the business and affairs of the Corporation.

- 2.6 “Corporation” means Gulf & Pacific Equities Corp. and includes any successor corporation thereof.
- 2.7 “director” means a director, senior officer or Management Company Employee of the Corporation or a Subsidiary.
- 2.8 “Disinterested Shareholder Approval” means that the proposal must be approved by a majority of the votes cast at the shareholders’ meeting other than votes attaching to securities beneficially owned by Insiders and their Associates to whom shares may be issued pursuant to this Plan and, for the purposes of this Plan, holders of non-voting and subordinate voting securities (if any) will be given full voting rights on a resolution which requires disinterested shareholder approval.
- 2.9 “Eligible Corporation” means a corporation all of the issued and outstanding voting shares of which are beneficially owned, directly or indirectly, by a director, employee, Management Company Employee or Consultant and/or the spouse, children and/or grandchildren of the foregoing.
- 2.10 “Eligible Person” means a *bona fide*:
- (a) director;
  - (b) employee;
  - (c) Management Company Employee;
  - (d) Consultant; or
  - (e) Eligible Corporation.
- 2.11 “employee” means:
- (a) an individual who is considered an employee under the *Income Tax Act* (Canada); or
  - (b) an individual who works full-time for the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source.
- 2.12 “Expiry Time” means, with respect to any Option, the close of business on the date upon which such Option will expire.
- 2.13 “Insider” means an insider, as such term is defined in Subsection 1(aa) of the *Securities Act* (Alberta), of the Corporation, other than a person who falls within that definition solely by virtue of being a director or senior officer of a Subsidiary, and includes any Associate of such Insider.

- 2.14 “Investor Relations Activities” means any activities, by or on behalf of the Corporation or a shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:
- (a) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation;
    - (i) to promote the sale of products or services of the Corporation, or
    - (ii) to raise public awareness of the Corporation,that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;
  - (b) activities or communications necessary to comply with the requirements of
    - (i) applicable securities laws, or
    - (ii) the requirements of the TSX Venture Exchange or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over the Corporation;
  - (c) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if
    - (i) the communication is only through newspaper, magazine or publication, and
    - (ii) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
  - (d) activities or communications that may be otherwise specified by the TSX Venture Exchange.
- 2.15 “Management Company Employee” means an individual employed by a company providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation.
- 2.16 “Market Price” at any date in respect of the Shares means the closing sale price of the Shares on the TSX Venture Exchange (or, if the Shares are not then listed and posted for trading on the TSX Venture Exchange, on such stock exchange in Canada on which the Shares are listed and posted for trading as may be selected for such purpose by the Committee) on the trading day on which the option is granted provided that, in the event that the Shares did not trade on such trading day, the Market Price shall be the average of the bid and ask prices in respect of the Shares at the close of trading on such trading day and provided further that, in the event that the Shares are not listed and posted for trading on any stock exchange, the Market Price shall be the fair market value of such Shares as

determined by the Committee in its sole discretion (but with reference to the net asset value of the Corporation as determined by the Committee based on reasonable evidence).

- 2.17 "Option" means an option to purchase Shares granted to an Eligible Person under the Plan.
- 2.18 "Option Price" means the price per Share at which Shares may be purchased under an Option, as the same may be adjusted from time to time in accordance with Article 9 hereof.
- 2.19 "Optioned Shares" means the Shares issuable pursuant to an exercise of Options.
- 2.20 "Optionee" means an Eligible Person to whom an Option has been granted and who continues to hold such Option.
- 2.21 "Plan" means the Stock Option Plan of the Corporation, as the same may be further amended or varied from time to time.
- 2.22 "Shares" means the common shares of the Corporation or, in the event of an adjustment contemplated by Article 9 hereof, such other shares or securities to which an Optionee may be entitled upon the exercise of an Option as a result of such adjustment.
- 2.23 "Subsidiary" means any corporation which is a subsidiary, as such term is defined in Section 4 of the *Securities Act* (Alberta), of the Corporation.

### **3. Administration of the Plan**

- 3.1 The Plan shall be administered by the Committee.
- 3.2 The Committee shall have the power, where consistent with the general purpose and intent of the Plan and subject to the specific provisions of the Plan:
- (a) to establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of the Plan;
  - (b) to interpret and construe the Plan and to determine all questions arising out of the Plan or any Option, and any such interpretation, construction or determination made by the Committee shall be final, binding and conclusive for all purposes;
  - (c) to determine the number of Shares covered by each Option;
  - (d) to determine the Option Price of each Option;
  - (e) to determine the time or times when Options will be granted and exercisable;
  - (f) to determine if the Shares which are issuable on the exercise of an Option will be subject to any restrictions upon the exercise of such Option; and
  - (g) to prescribe the form of the instruments relating to the grant, exercise and other terms of Options.

- 3.3 A member of the Committee may be entitled to participate in the Plan only if an Option to such member is granted, and the terms and provisions thereof determined, by the Committee without such member of the Committee participating in any manner whatsoever in the granting of an Option to, or the determinations made with respect to, such member of the Committee or to such Option.
- 3.4 The Committee may, in its discretion, require as conditions to the grant or exercise of any Option that the Optionee shall have:
- (a) represented, warranted and agreed in form and substance satisfactory to the Corporation that such Optionee is acquiring and will acquire such Option and the Shares to be issued upon the exercise thereof or, as the case may be, is acquiring such Shares, for such Optionee's own account, and not with a view to or in connection with any distribution, that such Optionee has had access to such information as is necessary to enable such Optionee to evaluate the merits and risks of such investment and that such Optionee is able to bear the economic risk of investing in the Shares;
  - (b) agreed to restrictions on transfer in form and substance satisfactory to the Corporation and to an endorsement on any option agreement or certificate representing the Shares making appropriate reference to such restrictions; and
  - (c) agreed to indemnify the Corporation in connection with the foregoing.
- 3.5 Any Option granted under the Plan shall be subject to the requirement that, if at any time counsel to the Corporation shall determine that the listing, registration or qualification of the Shares subject to such Option upon any securities exchange or under any law or regulation of any jurisdiction, or the consent or approval of any securities exchange or any governmental or regulatory body, is necessary as a condition of, or in connection with, the grant or exercise of such Option or the issuance or purchase of Shares thereunder, such Option may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Committee. Nothing herein shall be deemed to require the Corporation to apply for or to obtain such listing, registration, qualification, consent or approval.

#### **4. Original Stock Option Plan**

- 4.1 The Corporation's original stock option plan, (the "Original Plan") was originally approved by the Board effective April 15, 1998 and is replaced by the Plan. Each outstanding option granted under the Original Plan and that remains outstanding on the effective date of the Plan is hereby deemed to be an Option subject to the terms and provisions of the Plan. The Original Plan shall terminate and be of no further effect on the effective date of the Plan and shall be superseded by the Plan.

**5. Shares Subject to the Plan**

5.1 Subject to Article 9, the maximum number of Shares with respect to which Options may be granted from time to time pursuant to the Plan shall not exceed 10% of the Corporation's outstanding Shares.

**6. Eligibility, Grant and Terms of Options**

6.1 Options may be granted to any Eligible Person in accordance with Section 6.2 hereof. If an Option is granted to an Eligible Corporation, such Eligible Corporation shall, as a condition precedent to such grant, execute and deliver any document or instrument required by any applicable stock exchange.

6.2 Options may be granted by the Corporation pursuant to the recommendations of the Committee from time to time provided and to the extent that such decisions are approved by the Board.

6.3 The number of Shares subject to each Option, the Option Price, the Expiry Time, the extent to which such Option is exercisable from time to time during the term of the Option and other terms and conditions relating to such Option shall be determined by the Committee.

6.4 The Option Price of any Option shall in no circumstances be lower than the Market Price on the date on which the grant of the Option is approved by the Committee. If, as and when any Shares have been duly purchased and paid for under the terms of an Option, such Shares shall be conclusively deemed allotted and issued as fully paid and non-assessable Shares at the price paid therefor.

6.5 The term of an Option shall not exceed ten years from the date of the grant of the Option.

6.6 An Option shall be personal to the Optionee and shall be non-assignable and non-transferable (whether by operation of law or otherwise), except as provided for herein. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of an Option contrary to the provisions of the Plan, or upon the levy of any attachment or similar process upon an Option, the Option shall, at the election of the Corporation, cease and terminate and be of no further force or effect whatsoever.

6.7 Subject to Article 6.8, no Options shall be granted to any Optionee if such grant could result, at any time, in:

- (a) the number of Shares reserved for issuance pursuant to Options or other stock options granted to Insiders exceeding 10% of the issued and outstanding Shares;
- (b) the issuance to Insiders, within a one-year period, of a number of Shares exceeding 10% of the issued and outstanding Shares;
- (c) the issuance to any one individual (including an Insider and such Insider's Associates), within a one-year period, of a number of Shares exceeding 5% of the issued and outstanding Shares;

- (d) the issuance to any one Consultant, within one-year period, of a number of Shares exceeding 2% of the issued and outstanding Shares; and
- (e) the issuance to employees conducting Investor Relations Activities, within a one-year period, of an aggregate number of Shares exceeding 2% of the issued and outstanding Shares;

unless permitted otherwise by any applicable stock exchange.

6.8 Unless Disinterested Shareholder Approval is obtained, under no circumstances shall this Plan, together with all of the Corporation's other previously established or proposed stock option plans, result in at any time:

- (a) the issuance to any one Insider and such Insider's Associates, within a one year period, of a number of Shares exceeding 5% of the outstanding Shares at the time of granting the Options; or
- (b) in a reduction in the Option Price for Options held by Optionees that are Insiders at the time of the proposed reduction.

6.9 An Option shall vest and may be exercised (in each case to the nearest full Share) in whole or in part at any time during the term of such Option after the date of the grant as determined by the resolution of the Board or shareholders of the Corporation granting the Option.

## **7. Termination of Employment**

7.1 Subject to Sections 7.2 and 7.3 if, before the expiry of an Option in accordance with the terms hereof, an Optionee ceases to be an Eligible Person (an "Event of Termination"), then the Committee, at its discretion, may allow the Optionee to exercise the Option to the extent the Optionee was entitled to do at the time of such Event of Termination, at any time up to and including, but not after, a date six months after the Optionee ceased to be an Eligible Person.

7.2 If, before the expiry of an Option in accordance with the terms thereof, an Optionee shall cease to be an Eligible Person (an "Event of Termination") as a result of the Optionee's permanent disability, then the Committee, at its discretion, may allow the Optionee to exercise the Option to the extent that the Optionee was entitled to do so at the time of such Event of Termination, at any time up to and including, but not after, a date six months following the date of such Event of Termination or on the Expiry Time, whichever is earlier.

7.3 If an Optionee dies before the expiry of an Option in accordance with the terms thereof, the Optionee's legal representative(s) may, subject to the terms of the Option and the Plan, exercise the Option to the extent that the Optionee was entitled to do so at the date of the Optionee's death at any time up to and including, but not after, a date one year following the date of the Optionee's death or on the Expiry Time, whichever is earlier.

- 7.4 For greater certainty, Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be a director of the Corporation provided that the Optionee continues to be an Eligible Person.
- 7.5 If the Optionee is an Eligible Corporation, the references to the Optionee in this Article 7 shall be deemed to refer to the Eligible Person associated with such Optionee.
- 7.6 Notwithstanding anything contained in this Section, the Committee may when granting an Option to a Consultant impose specific rules respecting the cessation of participation of such Consultant, which rules may vary from those contained in this Section.

**8. Exercise of Options**

- 8.1 Subject to the provisions of the Plan, an Option may be exercised from time to time by delivery to the Corporation at its principal office in Toronto, Ontario of a written notice of exercise (substantially in the form attached hereto as Schedule "B") addressed to the President of the Corporation specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full, by cash or cheque, of the Option Price of the Shares then being purchased. Certificates for such Shares shall be issued and delivered to the Optionee within a reasonable time following the receipt of such notice and payment.
- 8.2 Notwithstanding any of the provisions contained in the Plan or in any Option, the Corporation's obligation to issue Shares to an Optionee pursuant to the exercise of any Option shall be subject to:
- (a) completion of such registration or other qualification of such Shares or obtaining approval of such governmental or regulatory authority as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
  - (b) the admission of such Shares to listing on any stock exchange on which the Shares may then be listed;
  - (c) the receipt from the Optionee of such representations, warranties, agreements and undertakings, as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction; and
  - (d) the satisfaction of any conditions on exercise prescribed pursuant to Section 3.4 hereof.

In this connection the Corporation shall, to the extent necessary, take all commercially reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for the issuance of such Shares in compliance with applicable securities laws and for the listing of such Shares on any stock exchange on which the Shares are then listed.

8.3 Options shall be evidenced by a share option agreement, instrument or certificate in such form not inconsistent with this Plan as the Committee may from time to time determine as provided for under Subsection 3.2(g).

**9. Certain Adjustments**

9.1 In the event of any subdivision or redivision of the Shares into a greater number of Shares at any time after the grant of an Option to any Optionee and prior to the Expiry Time, the Corporation shall deliver to such Optionee at the time of any subsequent exercise of such Optionee's Option in accordance with the terms hereof, in lieu of the number of Shares to which such Optionee was theretofore entitled upon such exercise, but for the same aggregate consideration payable therefor, such number of Shares as such Optionee would have held as a result of such subdivision or redivision if, on the record date thereof, the Optionee had been the registered holder of the number of Shares to which such Optionee was theretofore entitled upon such exercise.

9.2 In the event of any consolidation of the Shares into a lesser number of Shares at any time after the grant of an Option to any Optionee and prior to the Expiry Time, the Corporation shall deliver to such Optionee at the time of any subsequent exercise of such Optionee's Option in accordance with the terms hereof, in lieu of the number of Shares to which such Optionee was theretofore entitled upon such exercise, but for the same aggregate consideration payable therefor, such number of Shares as such Optionee would have held as a result of such consolidation if, on the record date thereof, the Optionee had been registered holder of the number of Shares to which such Optionee was theretofore entitled upon such exercise.

9.3 If at any time after the grant of an Option to any Optionee and prior to the Expiry Time, the Shares shall be reclassified, reorganized or otherwise changed, otherwise than as specified in Sections 9.1 and 9.2 or, subject to the provisions of Subsection 10.2(a) hereof, the Corporation shall consolidate, merge or amalgamate with or into another corporation (the corporation resulting or continuing from such consolidation, merger or amalgamation being herein call the "Successor Corporation") or the Corporation shall pay a stock dividend (other than any dividends in the ordinary course), the Optionee shall be entitled to receive upon the subsequent exercise of such Optionee's Option in accordance with the terms hereof and shall accept in lieu of the number of Shares to which such Optionee was theretofore entitled upon such exercise but for the same aggregate consideration payable therefor, the aggregate number of shares of the appropriate class and/or other consideration from the Corporation or the Successor Corporation (as the case may be) that the Optionee would have been entitled to receive as a result of such reclassification, reorganization or other change or, subject to the provisions of Subsection 10.2(a) hereof, as a result of such consolidation, merger, amalgamation, or stock dividend if, on the record date of such reclassification, reorganization, other change or stock dividend or the effective date of such consolidation, merger or amalgamation or dividend payment, as the case may be, such Optionee had been the registered holder of the number of Shares to which such Optionee was theretofore entitled upon such exercise.

9.4 In the event the Corporation should declare and pay a special cash dividend or other distribution out of the ordinary course, a special dividend in specie on the Shares, or a

stock dividend other than in the ordinary course, the Option Price of all Options outstanding on the record date of such dividend or other distribution shall be reduced by an amount equal to the cash payment or other distribution or the fair market value of the dividend in specie or stock dividend or other distribution, as determined by the Committee in its sole discretion but subject to all necessary regulatory approvals.

**10. Amendment or Discontinuance of the Plan**

10.1 The Board may amend or discontinue the Plan at any time, provided, however, that no such amendment may materially and adversely affect any Option previously granted to an Optionee without the consent of the Optionee, except to the extent required by law. Any such amendment shall, if required, be subject to the prior approval of, or acceptance by, any stock exchange on which the Shares are listed and posted for trading.

10.2 Notwithstanding anything contained to the contrary in this Plan or in any resolution of the Board in implementation thereof:

(a) in the event the Corporation proposes to amalgamate, merge or consolidate with any other corporation (other than a wholly-owned Subsidiary) or to liquidate, dissolve or wind-up, or in the event an offer to purchase or repurchase the Shares of the Corporation or any part thereof shall be made to all or substantially all holders of Shares of the Corporation, the Corporation shall have the right, upon written notice thereof to each Optionee holding Options under the Plan, to permit the exercise of all such Options within the 30 day period next following the date of such notice and to determine that upon the expiration of such 30 day period, all rights of the Optionees to such Options or to exercise same (to the extent not theretofore exercised) shall ipso facto terminate and cease to have further force or effect whatsoever;

(b) in the event of the sale by the Corporation of all or substantially all of the assets of the Corporation as an entirety or substantially as an entirety so that the Corporation shall cease to operate as an active business, any outstanding Option may be exercised as to all or any part of the Optioned Shares in respect of which the Optionee would have been entitled to exercise the Option in accordance with the provisions of the Plan at the date of completion of any such sale at any time up to and including, but not after the earlier of: (i) the close of business on that date which is 30 days following the date of completion of such sale; and (ii) the Expiry Time; but the Optionee shall not be entitled to exercise the Option with respect to any other Optioned Shares;

(c) subject to the rules of any applicable stock exchange or other regulatory authority, the Board may, by resolution, advance the date on which any Option may be exercised or extend the Expiry Time provided that the Board shall not, in the event of any such advancement or extension, be under any obligation to advance or extend the date on or by which Options may be exercised by any other Optionee; and

- (d) the Board may, by resolution, but subject to applicable regulatory requirements, decide that any of the provisions hereof concerning the effect of termination of the Optionee's employment shall not apply to any Optionee for any reason acceptable to the Board.

Notwithstanding the provisions of this Article 10, should changes be required to the Plan by any securities commission, stock exchange or other governmental or regulatory body of any jurisdiction to which the Plan or the Corporation now is or hereafter becomes subject, such changes shall be made to the Plan as are necessary to conform with such requirements and, if such changes are approved by the Board, the Plan, as amended, shall be filed with the records of the Corporation and shall remain in full force and effect in its amended form as of and from the date of its adoption by the Board.

## **11. Miscellaneous Provisions**

- 11.1 An Optionee shall not have any rights as a shareholder of the Corporation with respect to any of the Shares covered by such Option until the date of issuance of a certificate for Shares upon the exercise of such Option, in full or in part, and then only with respect to the Shares represented by such certificate or certificates. Without in any way limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such shares certificate is issued.
- 11.2 Nothing in the Plan or any Option shall confer upon an Optionee any right to continue or be re-elected as a director of the Corporation or any right to continue in the employ or engagement of the Corporation or any Subsidiary, or affect in any way the right of the Corporation or any Subsidiary to terminate his or her employment or engagement at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Subsidiary to extend the employment or engagement of any Optionee beyond the time which he or she would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Subsidiary or any present or future retirement policy of the Corporation or any Subsidiary, or beyond the time at which he or she would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Subsidiary.
- 11.3 Notwithstanding Section 6.6 hereof, if the Optionee is an Eligible Corporation, the Option may be transferred or assigned between the Optionee and the Eligible Person associated with the Optionee.
- 11.4 The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

**GULF & PACIFIC EQUITIES CORP.  
STOCK OPTION AGREEMENT**

OPTION AGREEMENT made the \_\_\_\_ day of \_\_\_\_\_, 202 \_\_.

B E T W E E N:

**GULF & PACIFIC EQUITIES CORP.**, a corporation incorporated  
under the laws of the Province of Alberta,

(hereinafter called the "**Corporation**")

- and -

\_\_\_\_\_

(Name)

\_\_\_\_\_

(Address)

(hereinafter called the "**Optionee**")

WHEREAS the Corporation has established the Stock Option Plan (the "Plan") for Eligible Persons;

AND WHEREAS the Optionee is an Eligible Person under the Plan and the Board has authorized the granting by the Corporation of an option to the Optionee pursuant to and in accordance with the provisions of the Plan on the terms hereinafter set forth;

NOW THEREFORE THE CORPORATION AND THE OPTIONEE AGREE AS FOLLOWS:

1. The Corporation hereby grants to the Optionee, subject to the terms and conditions set forth in this Agreement and the Plan, options ("Options") to purchase that number of Shares set forth below, at the exercise price(s) set forth below, which Options will vest and be exercisable as of the vesting date(s) set forth below and expire (to the extent not previously exercised) as of the close of business on the expiry date(s) set forth below:

Number of Shares	Exercise Price	Vesting Date	Expiry Date
•	\$•	•	•
•	\$•	•	•
•	\$•	•	•

2. As of the close of business on the expiry date(s) set forth in Section 1 above, any Options that remain unexercised will expire and be of no further force or effect.
3. The Optionee acknowledges receipt of a copy of the Plan and hereby agrees that the Options are subject to the terms and conditions of the Plan, including all amendments to the Plan required by any stock exchange or other regulatory authority or otherwise consented to by the Optionee. The Plan contains provisions permitting the termination of the Plan and outstanding Options. The Optionee acknowledges having read the Plan and having been advised to seek independent legal advice with respect to his rights in respect of the Options.
4. The Optionee acknowledges and agrees that:
  - (a) in addition to any resale restrictions under applicable securities laws, all Options and all Shares issued on the exercise of Options based on the discounted market price will be legended with a hold period as required by any stock exchange or other regulatory authority; and
  - (b) Disinterested Shareholder Approval may be required by a stock exchange or other regulatory authority for a reduction in the exercise price(s) set forth above in Section 1.
5. In the event that a take-over bid is made for the Shares of the Corporation at any time after the date of this agreement, the Optionee, from and after commencement of the take-over bid to and including 30 days after the last date upon which an offeror under such take-over bid or a third party or parties that has made a competing take-over bid takes up and pays for Shares of the Corporation, shall have the right to exercise the Option for all at any time or part from time to time of the optioned Shares in respect of which the Option has not been exercised by the Optionee hereunder prior to commencement of the take-over bid, including in respect of optioned Shares that, but for this section 5, the Option would not otherwise be exercisable at such time.
6. Time is of the essence of this Agreement.
7. This Agreement shall enure to the benefit of and be binding upon the Corporation, its successors and assigns. The Options under this option agreement are not transferable or assignable by Optionee.
8. In the event of any inconsistency between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall govern.

9. This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and shall be treated in all respects as an Alberta contract.

**GULF & PACIFIC EQUITIES CORP.**

Per: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Witness

## SCHEDULE "B"

### GULF & PACIFIC EQUITIES CORP.

#### AUDIT COMMITTEE

#### TERMS OF REFERENCE

##### 1. Constitution

Pursuant to the *Business Corporations Act* (Alberta), By-Law No. 1 of Gulf & Pacific Equities Corp. (the "**Corporation**") and a resolution of the Board of Directors of the Corporation (the "**Board**") dated December 15, 2005 and in intended compliance with applicable corporate and securities laws and the requirements of the exchanges upon which securities of the Corporation are listed, there is hereby constituted, as a standing committee of the Board, a committee designated as the "Audit Committee" (the "**Committee**") which Committee is delegated the powers and subject to the terms of reference hereinafter set forth.

##### 2. Mandate

The mandate of the Committee shall be to assist the Board in fulfilling its oversight responsibilities in respect of: (i) the adequacy, integrity and effectiveness of the Corporation's financial reporting process and financial statements, including without limitation the adequacy, integrity and effectiveness of internal financial and management controls and systems; and the adequacy and integrity of the audit process; and (ii) risk management for the Corporation, including without limitation the adequacy, integrity and effectiveness of risk management systems and reporting, in addition to any mandate or function prescribed by applicable law, regulation or rule to be discharged by a Committee constituted as the audit committee of a corporation such as the Corporation.

##### 3. Organization and Operation

- (1) The Committee shall be comprised of a minimum of three (3) members of the Board.
- (2) In addition, each of the members of the Committee shall be "independent" and "financially literate" as required by Multilateral Instrument 52-110 or any rule or instrument implemented in substitution or addition thereto and to the extent practicable, the Committee shall include at least one member who may reasonably be regarded as a financial expert.
- (3) A majority of the members of the Committee shall be residents of Canada.
- (4) The Committee shall have the power to appoint its chairman, who must be a resident of Canada.

- (5) Any member of the Committee or the auditors of the Corporation (the "**auditors**") may call a meeting of the Committee upon not less than 48 hours' notice to the other members of the Committee.
- (6) The auditors of the Corporation are entitled to receive notice of every meeting of the Committee and at the expense of the Corporation, to attend and be heard thereat and, if so requested by a member of the Committee, shall attend any meeting of the Committee held during the term of office of the auditors.
- (7) The Committee shall meet at least four times annually.
- (8) A quorum for meetings of the Committee shall be a majority of its members, provided that a majority of the members of the Committee comprising such quorum must be residents of Canada.
- (9) Questions arising at any meeting of the Committee shall be decided by a majority of the votes cast.
- (10) The rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing meetings of the Board or as otherwise provided in the by-laws of the Corporation.
- (11) Except as set forth herein, the Committee may determine its own rules of procedure.

#### **4. Duties and Responsibilities**

In the discharge of its mandate, the Committee shall:

##### ***Corporate Information and Internal Control***

- (1) review and recommend for approval by the Board annual and quarterly financial statements, and all financial information in any prospectus, offering memorandum, annual information form, management's discussion and analysis ("**MD&A**") or annual report of the Corporation;
- (2) review and make recommendations with respect to information and control systems of the Corporation;
- (3) review and approve all major changes to information and control systems of the Corporation;
- (4) review and approve spending authorities and approval limits of officers of the Corporation;
- (5) review and approve all determinations made in respect of significant accounting and tax compliance issues;

- (6) review all significant financial, accounting and tax issues in connection with proposed non-recurring events such as mergers, acquisitions or divestitures;
- (7) review and approve all press releases or other publicly circulated documents containing financial information; and
- (8) satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and the related MD&A, and periodically assess the adequacy of those procedures.

### *Auditors*

- (9) make recommendations to the Board in respect of the auditors to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, in respect of the terms of retainer of the auditors and, as determined desirable or necessary, in respect of the replacement of the auditors (subject to securityholder notification and approval);
- (10) review the terms of the auditors' engagement and make recommendations to the Board as to the compensation of the auditors;
- (11) oversee the work of auditors engaged for the purposes of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the auditors regarding financial reporting;
- (12) annually, obtain and review a report by the auditors of the Corporation's internal quality control procedures and systems;
- (13) review and make recommendations in respect of any material issues raised by any internal quality control review (or peer review) of the Corporation or by any inquiry or investigation by governmental or professional authorities;
- (14) annually, evaluate the auditors' qualifications, performance and independence;
- (15) annually, assure continuing auditor independence, consider the rotation of lead audit partner or the auditor itself;
- (16) where there is a change of auditor, review all issues related to the change, including information to be included in the notice of change of auditors (National Policy No. 31 as adopted by the Canadian Securities Regulatory Authorities ("NP31")), and the planned steps for an orderly transition;

- (17) review all reportable events, including disagreements, unresolved issues and consultations, as defined in NP 31, on a routine basis, whether or not there is a change of auditors;
- (18) pre-approve engagements for non-audit services provided by the auditors or their affiliates, together with estimated fees and potential issues of independence;
- (19) set hiring policies for partners, employees and former partners and employees of the present and former auditors;
- (20) at least annually, separately interview management and the auditors to discuss the relationship between them, especially as regards to the competency, communication, access provided and cooperation displayed in matters relating to the audit and the financial affairs of the Corporation;
- (21) establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- (22) monitor changes to applicable laws, regulations and rules and industry standards and practices with respect to financial reporting;

***Audit***

- (23) review with management and the auditors the audit plan for the coming year;
- (24) review with management and the auditors any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;
- (25) separately interview management and the auditors regarding significant financial reporting issues during the fiscal period and the method of resolution;
- (26) review any problems experienced by the auditors in performing the audit, including any restrictions imposed by management or significant accounting issues in which there was a disagreement with management;
- (27) review annual and quarterly financial statements with management and the auditors (including disclosures under MD&A), in conjunction with the report of all significant variances between comparative reporting periods;

- (28) review and make recommendations as to the auditors' report to management and management's response and subsequent remedy of any identified weaknesses;

#### ***Risk Management and Controls***

- (29) provide oversight in respect of risk management policies and practices, including the identification of major business risks and the processes and other steps taken to mitigate such risks;
- (30) review and make recommendations as to hedging strategies, policies, objectives and controls;
- (31) review, not less than quarterly, a mark to market assessment of the Corporation's hedge positions and counter party credit risk and exposure;
- (32) review the Corporation's risk retention philosophy and resulting exposure to the Corporation;
- (33) review the adequacy of insurance coverage;
- (34) review loss prevention policies and programs in the context of competitive and operational considerations;
- (35) review and recommend for approval the annual operating and capital budgets of the Corporation and any amendments thereto;
- (36) annually review authority limits for capital expenditures; and
- (37) review all pending litigation involving the Corporation and assess the prospective exposure to the Corporation.

#### ***Other Duties and Responsibilities***

The responsibilities, practices and duties of the Committee outlined herein are not intended to be comprehensive. The Board may, from time to time, charge the Committee with the responsibility of reviewing other items of a financial or control nature or a risk management nature.

The Committee shall periodically report to the Board decisions taken in exercise of powers conferred herein and the results of reviews undertaken and any associated recommendations.

#### **5. *Authority***

The Committee shall have all power and authority necessary or desirable to fully and effectively discharge its mandate hereunder and, in that connection and without limitation, the Committee may:

- (1) investigate any corporate activity, in any area, that the Committee considers necessary or advisable, and, for such purposes and the performance of its other responsibilities, the Committee shall have unrestricted access to all personnel and records of the Corporation, the auditors and all other advisors to the Corporation;
- (2) make any recommendation to the Board, as it considers necessary or advisable, in respect of matters within its mandate, provided however that where the Committee intends to make any such recommendation, the recommendation shall first be presented to the Chairman of the Board and in respect of financial matters, to the auditor for comment before being communicated to the Board, unless the Committee concludes that such action would not be in the best interest of the Corporation and/or the securityholders; and
- (3) engage and obtain the advice of outside advisors if necessary to properly discharge its functions, duties and responsibilities including, without limitation,
  - (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties;
  - (b) to set and pay the compensation for any advisors employed by the Committee; and
  - (c) to communicate directly with the auditors.

**6. *Limitation***

The foregoing is (i) subject to and without limitation of the requirement that in exercising their powers and discharging their duties the members of the Board act honestly and in good faith with a view to the best interests of the Corporation; and (ii) subject to and not in expansion of the requirement that in exercising their powers and discharging their duties the members of the Board exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Dated for reference: April 27, 2009.

