

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

ITASCA CAPITAL LTD. to be held on December 6, 2018

MANAGEMENT INFORMATION CIRCULAR

October 30, 2018

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ITASCA CAPITAL LTD.

1800 – 510 West Georgia Street
Vancouver, BC V6B 0M3

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT an annual general meeting (the “**Meeting**”) of the shareholders of Itasca Capital Ltd. (“**Itasca**” or the “**Company**”) will be held on Thursday, December 6, 2018 at the offices of Norton Rose Fulbright Canada LLP, Suite 3800, Royal Bank Plaza, South Tower, 200 Bay Street, Toronto, Ontario M5J 2Z4 at 12:00 p.m. (Toronto Time), for the following purposes:

- 1) to receive the audited consolidated financial statements of the Company for the year ended December 31, 2017 and the auditors’ report thereon;
- 2) to consider, and if thought advisable, to pass an ordinary resolution to set the number of directors of the Company to be elected at the Meeting at seven (7) directors;
- 3) to elect the directors of the Company for the ensuing year;
- 4) to appoint Baker Tilly Virchow Krause, LLP as the auditors of the Company for the year ending December 31, 2018 and to authorize the board of directors of the Company (the “**Board**”) to set the auditors’ remuneration;
- 5) to consider, and if thought advisable, to pass without variation, an ordinary resolution to approve, for the ensuing year, the Company’s stock option plan as required by the TSX Venture Exchange and as more fully described in the accompanying management information circular (“**Circular**”); and
- 6) to transact such other business as may properly come before the Meeting, and any postponements or adjournments thereof.

The accompanying Circular provides additional information relating to the matters to be addressed at the Meeting and is deemed to form part of this Notice of Meeting.

The Board has fixed the close of business (Toronto time) on October 30, 2018 as the record date for the Meeting, being the date for the determination of the holders of common shares of Itasca entitled to receive notice of and to vote at the Meeting and any adjournment(s) or postponement(s) thereof. The Board has also fixed 12:00 p.m. (Toronto Time) on Tuesday, December 4, 2018 or, in the event that the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and statutory holidays) before the adjourned or postponed meeting, as the time before which proxies to be used or acted upon at the Meeting or any adjournment(s) or postponement(s) thereof shall be deposited with the Company’s transfer agent. Failure to properly complete and deposit a proxy may result in its invalidation. The Board may, in its sole discretion, waive the proxy cut-off or delegate such authority to the Chairman of the Meeting.

Management of the Company is soliciting the enclosed form of proxy. The specific details of the foregoing matters to be put before the Meeting are set forth in the Circular accompanying this Notice of Meeting. If you are a registered shareholder and are unable to attend the Meeting, please date and execute the accompanying form of proxy and mail it to Computershare Investor Services Inc., Attention: Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1. In order to expedite your vote, you may vote by facsimile or telephone or on the Internet as described on the form of proxy and in

the Circular. If you are a non-registered shareholder and are unable to attend the Meeting, please carefully follow the instructions provided by your intermediary, including those regarding when and where the form of proxy or voting instruction form is to be delivered.

DATED at Vancouver, British Columbia, this 30 day of October 2018

BY ORDER OF THE BOARD OF DIRECTORS

(signed) *"D. Kyle Cerminara"*

D. Kyle Cerminara

Chairman of the Board of Directors

ITASCA CAPITAL LTD.

MANAGEMENT INFORMATION CIRCULAR

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by and on behalf of the management of Itasca Capital Ltd. (“**Itasca**”, the “**Company**”, “**we**” or “**us**”) for use at the annual general meeting of holders of common shares (the “**Itasca Shares**”) in the capital of Itasca (the “**Itasca Shareholders**”) scheduled to be held on Thursday, December 6, 2018 at 12:00 p.m. (Toronto Time), including any adjournment(s) or postponement(s) thereof (the “**Meeting**”). No person (as defined below) has been authorized to give any information or make any representation in connection with any matter to be considered at the Meeting other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized. As used in this Circular, “**person**” includes any individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government or any other entity, whether or not having legal status.

Unless otherwise specified, all dollar amounts or references to “\$” herein are expressed in Canadian dollars. The information presented in this Circular is current as of October 30, 2018, except as otherwise noted.

GENERAL PROXY INFORMATION

Solicitation of Proxies

It is expected that the solicitation will be carried out primarily by mail, but proxies may also be solicited by telephone, facsimile or other electronic means, or other personal contact by the directors, executive officers, employees, and/or agents of the Company. The cost of solicitation will be borne by the Company.

The board of directors of Itasca (the “**Board**”) has fixed the close of business (Toronto time) on October 30, 2018 as the record date for the Meeting (the “**Record Date**”), being the date for the determination of the Itasca Shareholders entitled to receive notice of, and to vote at, the Meeting. Only Itasca Shareholders of record at the Record Date are entitled to vote at the Meeting.

If you have additional questions about the Meeting, the information contained in this Circular, including the procedures for voting your Itasca Shares, please contact Computershare Investor Services Inc. (the “**Transfer Agent**”) at 1-800-564-6253 within North America or 1-514-982-7555 outside of North America.

Voting by Registered Shareholders

Registered holders of Itasca Shares (“**Registered Shareholders**”) may exercise their voting rights by attending and voting their Itasca Shares in person at the Meeting or may give another person authority to vote at the Meeting on their behalf by appointing a proxyholder by using any of the methods described in the enclosed form of proxy.

Delivery of Proxies

Duly completed and executed proxies must be received by the Transfer Agent by mailing to Computershare Investor Services Inc., Attention: Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 or facsimile no later than 12:00 p.m. (Toronto Time) on Tuesday, December 4, 2018, or in the event that the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays

and statutory holidays) before the adjourned or postponed meeting. The Board may, in its sole discretion, waive or extend the proxy cut-off or delegate such authority to the Chairman of the Meeting.

Appointment of Proxyholders and Revocation of Proxies

The persons named in the enclosed form of proxy as proxyholders (the “**Management Proxyholders**”) are officers and/or directors of the Company. **A Registered Shareholder wanting to appoint some other person, who need not be an Itasca Shareholder, to represent such Registered Shareholder at the Meeting, may do so by inserting such person’s name in the blank space provided in the enclosed form of proxy or by completing another proper form of proxy and, in either case, depositing the duly completed and executed form of proxy at the Toronto office of the Transfer Agent by mailing to Computershare Investor Services Inc., Attention: Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 or facsimile no later than 12:00 p.m. (Toronto Time) on Tuesday, December 4, 2018, or in the event that the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and statutory holidays) before the adjourned or postponed meeting.**

A Registered Shareholder mailing the enclosed proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate box. If the Registered Shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the box opposite the item is to be left blank. The Itasca Shares represented by the proxy submitted by a Registered Shareholder will be voted in accordance with the directions, if any, given in the form of proxy.

A proxy granted pursuant to this solicitation may be revoked at any time before it has been exercised (i) by an instrument in writing executed by the Registered Shareholder or by the Registered Shareholder’s attorney authorized in writing (or, if the Registered Shareholder is a corporation, by a duly authorized officer or attorney) and deposited at the registered office of the Company (1800 – 510 West Georgia Street, Vancouver, B.C. V6B 0M3) at any time up to and including the last business day preceding the day of the Meeting, (ii) by completing and submitting a form of proxy that is dated later than the form of proxy that is being revoked and sending it to the Toronto office of the Transfer Agent so that it is received no later than 12:00 p.m. (Toronto Time) on Tuesday, December 4, 2018 or in the event that the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and statutory holidays) before the adjourned or postponed meeting or (iii) in any other manner permitted by applicable law.

Exercise of Discretion by Proxyholders

The Management Proxyholders will vote Itasca Shares in respect of which they are appointed in accordance with the direction of the Itasca Shareholder appointing them. Unless directed otherwise, the Management Proxyholders intend to vote in favour of the matters to be acted upon at the Meeting as set forth below in “Matters to be Acted Upon at the Meeting”.

The enclosed form of proxy confers discretionary authority upon the Management Proxyholders therein with respect to amendments or variations to the matters identified in the Notice of Meeting or other matters that may properly come before the Meeting. At the time of the printing of this Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters that are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the Management Proxyholders.

Voting by Non-Registered Shareholders

Only Registered Shareholders or the persons they appoint as their proxyholders are permitted to vote at the Meeting. Most Itasca Shareholders are “non-registered” Itasca Shareholders or beneficial owners (“**Non-Registered Shareholders**”) because the Itasca Shares they own are not registered in their names, but are instead registered in the name of the brokerage firm, bank, trust company or other intermediaries or nominees through which they own the shares. Itasca Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Shareholder deals with in respect of these Itasca Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. or Depository Trust Company) of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Company has distributed copies of the Notice of Meeting, this Circular and the supplemental mailing list return card (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders will either:

- (a) be given a voting instruction form that is not signed by the Intermediary and that, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service company, will constitute voting instructions (often called a “**Voting Instruction Form**” or “**VIF**”) that the Intermediary must follow. Non-Registered Shareholders should carefully follow the instructions provided in the Voting Instruction Form and use one of the described methods provided to vote their Itasca Shares. **If you receive a Voting Instruction Form from Broadridge Financial Solutions, Inc. (“Broadridge”), you cannot use it to vote directly at the Meeting. The Voting Instruction Form must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the vote counted; or**
- (b) be given a form of proxy that has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Shareholder, but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with the Transfer Agent at Computershare Investor Services Inc., Attention: Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Itasca Shares they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should insert the Non-Registered Shareholder’s or such other person’s name in the blank space provided on the form of proxy or the Voting Instruction Form. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the form of proxy or Voting Instruction Form is to be delivered.**

A Non-Registered Shareholder may revoke a Voting Instruction Form that has been given to an Intermediary by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a Voting Instruction Form which is not received by the Intermediary well in advance of the Meeting or otherwise in accordance with the instructions provided to the Non-Registered Shareholder.

QUORUM

The articles of the Company provide that a quorum for the transaction of business at a meeting of Itasca Shareholders is two persons who are, or who represent by proxy, Itasca Shareholders who, in the aggregate, hold at least 5% of the issued Itasca Shares entitled to be voted at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As of October 30, 2018, the Company's authorized capital consisted of an unlimited number of common shares, of which 21,810,626 Itasca Shares were issued and outstanding, and 100,000,000 preferred shares without par value, of which none were issued and outstanding. Each Itasca Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting.

To the knowledge of the directors and executive officers of the Company, as of the Record Date, only the following persons or companies beneficially owned, directed or controlled, directly or indirectly, voting securities of the Company carrying more than 10% of the voting rights attached to any class of voting securities of the Company:

Shareholder	Number of Itasca Shares ⁽²⁾	Percentage of Issued Capital
Ballantyne Strong Inc. (" Ballantyne ") & Fundamental Global Investors, LLC (" Fundamental ") ⁽¹⁾⁽²⁾	8,857,889	40.61%
Kingsway Financial Services Inc. (" KFSI ") ⁽²⁾	4,985,560	22.86%

Notes:

- (1) Ballantyne (a reporting issuer listed on the New York Stock Exchange) directly or indirectly beneficially owns or exercises control or direction over 7,044,000 Itasca Shares through its wholly-owned subsidiary Strong/MDI Inc. Fundamental directly or indirectly beneficially owns or exercises control or direction over 1,813,889 Itasca Shares. Kyle Cerminara is the Chief Executive Officer, Co-Founder and Partner of Fundamental. Mr. Cerminara is also the Chief Executive Officer and Chairman of Ballantyne. Fundamental, together with its affiliates, currently holds approximately 28.2% of the currently issued and outstanding Ballantyne shares. Fundamental has the shared power to direct the voting and disposition of the shares held by its funds. As the Chief Executive Officer and Chairman of the Board of Directors of Ballantyne and principal of Fundamental, Mr. Cerminara, and Fundamental, may be deemed to have the shared power to direct the voting and disposition of the Itasca Shares held by Ballantyne.
- (2) Based on figures provided by KFSI, Fundamental and Ballantyne.

MATTERS TO BE ACTED UPON AT THE MEETING

1. Presentation of Financial Statements

The audited consolidated financial statements of the Company for the financial year ended December 31, 2017, and the auditors' report thereon, will be placed before the Meeting.

2. Number of Directors

The Board presently consists of seven (7) directors. It is proposed to set the number of directors for the ensuing year at seven (7), to be approved by way of an ordinary resolution of Itasca Shareholders.

Approval Sought

Itasca Shareholders will be asked at the Meeting to consider, and, if thought appropriate, to pass, with or without variation an ordinary resolution setting the number of directors to be elected at the Meeting at seven (7). Unless otherwise directed, the Management Proxyholders intend to vote **FOR** the ordinary resolution setting the number of directors to be elected at the Meeting at seven (7).

3. Election of Directors

All seven nominees are currently members of the Board and have been since the dates indicated in their respective profiles set forth below. It is contemplated that all of the nominees will be able to serve as directors. However, if a nominee should be unable to serve for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the next annual meeting or until his successor is appointed, unless his office is earlier vacated in accordance with the *Business Corporations Act* (British Columbia) ("**BCBCA**") and the Articles of the Company.

The advance notice provisions of the Company's Articles provide timeframes in which any additional director nominations for the Meeting must have been received by the Company. At the date of this Circular, no such nominations had been received.

Approval Sought

Itasca Shareholders will be asked at the Meeting to consider, and, if thought appropriate, to pass, with or without variation an ordinary resolution electing each of the seven (7) nominees. Unless directed otherwise, the Management Proxyholders intend to vote **FOR** the election of the proposed nominees as directors of the Company.

4. Appointment of Auditors

BDO USA, LLP ("**BDO**") were the auditors of the Company from January 30, 2017 to September 28, 2018. Baker Tilly Virchow Krause, LLP ("**Baker Tilly**") was engaged on October 2, 2018 to provide services in connection with the audit of the Company's financial statements for the year ended December 31, 2018. It is proposed that Baker Tilly be appointed as the auditors of the Company to hold office until the next annual meeting of Itasca Shareholders and that the Board be authorized to fix their remuneration.

Approval Sought

The Board unanimously recommends that Itasca Shareholders vote **FOR** the appointment of Baker Tilly as auditors of the Company to hold office until the next annual meeting of Itasca Shareholders of the Company and to authorize the Board to fix their remuneration. Unless directed otherwise, the Management Proxyholders intend to vote **FOR** the appointment of Baker Tilly as the auditors of the Company until the next annual meeting of Itasca Shareholders and to authorize the Board to fix their remuneration.

5. Stock Option Plan

Itasca Shareholders are being asked to re-approve the Company's amended stock option plan dated June 20, 2012, as amended (the "**Stock Option Plan**"). The Stock Option Plan, a "rolling" stock option plan, was last approved by Itasca Shareholders at the annual meeting of the Company held on September 7, 2017. On September 7, 2017, the Board granted 80,000 options to each director, for a total of 480,000 options, under the Company's Stock Option Plan for a term of 10 years with an exercise price of \$1.00 per option. The stock options granted to the directors were in lieu of the directors' cash fee that had been accrued and unpaid as of June 30, 2017 and such stock options vested immediately.

In accordance with the policies of the TSX Venture Exchange ("**TSX-V**"), a plan with a rolling 10% maximum must be confirmed by Itasca Shareholders at each annual general meeting. The Stock Option Plan is subject to an annual filing with the TSX-V.

Approval Sought

The Itasca Shareholders will be asked to pass the following ordinary resolution at the Meeting:

"**BE IT HEREBY RESOLVED** as an ordinary resolution of the Company that:

(1) the stock option plan, as amended (the "Stock Option Plan") of Itasca Capital Ltd. (the "Company"), substantially in the form attached to the Company's Information Circular dated May 22, 2012, as amended be and is hereby ratified, confirmed and approved;

(2) any officer or director of the Company is hereby authorized to amend the Stock Option Plan should such amendments be required by applicable regulatory authorities including, but not limited to, the TSX Venture Exchange; and

(3) any one director or officer of the Company is authorized and directed, on behalf of the Company, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Company or otherwise) that may be necessary or desirable to give effect to this ordinary resolution."

The Board believes the passing of the above resolution is in the best interests of the Company and recommends that Itasca Shareholders vote **FOR** the resolution. Unless otherwise directed, the Management Proxyholders intend to vote **FOR** the proposed resolution.

6. Other Business

Management is not aware of any other matters to come before the Meeting other than those set out in the attached Notice of Meeting. If other matters come before the Meeting, it is the intention of the Management Proxyholders to vote in accordance with their best judgment on such matters.

ELECTION OF DIRECTORS

Each of Edward H. Benford, D. Kyle Cerminara, John T. Fitzgerald, Lewis M. Johnson, Andrew McIntyre, R. Michael Powell and Larry G. Swets, Jr. (collectively, the "**Nominees**") will be nominated for election or re-election, as applicable, as a director of Itasca at the Meeting, in each case for a term expiring at the end of the 2019 annual general meeting of the Itasca Shareholders.

The following table sets forth certain information with respect to the Nominees. Management of the Company does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason at or prior to the Meeting or should any of the nominees withdraw their

candidacy at or prior to the Meeting, the Management Proxyholders reserve the right to vote for another nominee in their discretion. The current term of each director expires immediately before the election of directors at the Meeting.

Name and Place of Residence ⁽¹⁾	Position(s) with Itasca	Present Principal Occupation, Business or Employment and Principal Occupation, Business or Employment During the Preceding Five Years ⁽¹⁾	Number of Securities of Itasca Beneficially Owned, Controlled or Directed ⁽¹⁾
EDWARD H. BENFORD ⁽⁹⁾ Illinois, USA	Director	Founder and Member of Benford Capital Partners since October 2004.	80,000 stock options
D. KYLE CERMINARA North Carolina, USA	Director, Chairman	Chairman and CEO of Ballantyne Strong Inc. since 2015. CEO, Co-Founder and Partner of Fundamental Global Investors, LLC since 2012. Co-Chief Investment Officer of Capital Wealth Advisors since 2012.	80,000 stock options
JOHN T. FITZGERALD ⁽²⁾ Illinois, USA	Director	President and Chief Executive Officer of Kingsway Financial Services Inc. since March 2017 and September 2018, respectively. Executive Vice President of Kingsway Financial Services Inc. from April 2016 until March 2017. Managing Member of Argo Management Group, LLC from June 2002 until April 2016. Chairman of Hunter MFG, LLP from January 2006 until September 2015.	80,000 stock options
LEWIS M. JOHNSON North Carolina, USA	Director	President, Co-Founder and Partner of Fundamental Global Investors, LLC since April 2012. Co-Chief Investment Officer of Capital Wealth Advisors since January 2013.	Nil
ANDREW MCINTYRE ⁽²⁾⁽³⁾ Ontario, Canada	Director	Vice President, Corporate Development of Samuel, Son & Co. Limited since October 2016. Managing Director of Segwin Consulting Ltd. since July 2015 until October 2016. Vice-President, Corporate Development of Vicwest Inc. from October 2007 until May 2015.	10,000 Itasca Shares 80,000 stock options
R. MICHAEL POWELL ⁽²⁾⁽³⁾ Connecticut, USA	Director	Managing Director of EarlyBirdCapital, Inc. since August 2010.	510,000 Itasca Shares 80,000 stock options
LARRY G. SWETS, JR. Illinois, USA	Director, CEO	Managing Member, Itasca Financial LLC since 2006 President of Itasca Golf Managers Inc. since September 2018 Chief Executive Officer of Kingsway Financial Services Inc. from July 2010 to September 2018. President of Kingsway Financial Services Inc. from July 2010 to March 2017.	80,000 stock options

Notes:

- (1) The information as to province or state of residence, present principal occupation, business or employment and the number of securities of Itasca beneficially owned or controlled or directed, directly or indirectly, is, in each instance, based upon information furnished by the Nominees.
- (2) Denotes member of the Audit Committee.
- (3) Denotes member of the Compensation, Governance and Nominating Committee.

As at the date of this Circular, based on the information furnished by the Nominees, none of the securities owned by Nominees' associates or affiliates (as defined below), individually or in combination with the securities owned by the Nominees, amount to 10 per cent or more of the voting rights attached to all voting securities of Itasca or of any of its subsidiaries other than as disclosed above. As used in this Circular, "**affiliate**" has the meaning ascribed thereto under the BCBCA.

Nominee Profiles

Further background information with respect to the Nominees is set forth below:

Edward H. Benford

Mr. Benford has been a director of Itasca since June 9, 2016. Mr. Benford founded Benford Capital Partners in 2004 and has over 19 years of lower middle market private equity experience. He has played key roles in acquiring and building more than 25 niche businesses. Prior to founding Benford Capital, Mr. Benford was a Principal at Prospect Partners, LLC, a Chicago-based lower middle market private equity firm. Mr. Benford joined Prospect Partners at its inception in 1998 and served on the Board of Directors of seven portfolio companies. Prior to joining Prospect Partners, Mr. Benford worked at Lazard Frères & Co., LLC in the Investment Banking Group working on merger & acquisition and corporate finance transactions. Prior to Lazard, he worked at Morgan Stanley & Co. and at the Northern Trust Company. Mr. Benford earned a Bachelor of Arts degree from Vanderbilt University and a Master of Business Administration from the University of Chicago.

D. Kyle Cerminara

Mr. Cerminara has been a director of Itasca since June 13, 2016 and the Chairman of the Board since June 4, 2018. Mr. Cerminara is the Chairman and CEO of Ballantyne Strong, Inc. (NYSE American: BTN) and is also CEO, Co-Founder and Partner of Fundamental Global Investors, LLC, an SEC registered investment advisor that manages equity and fixed income hedge funds. In addition, Mr. Cerminara is Co-Chief Investment Officer of CWA Asset Management Group, LLC (d/b/a Capital Wealth Advisors), a wealth advisor and multi-family office affiliated with Fundamental Global Investors, LLC, which position he has held since 2012. Mr. Cerminara also serves as President and Trustee of StrongVest ETF Trust and Chief Executive Officer of StrongVest Global Advisors, LLC. StrongVest Global Advisors, LLC, a wholly-owned subsidiary of Ballantyne Strong, is an investment advisor, and CWA Asset Management Group, LLC is a sub-advisor, to CWA Income ETF, an exchange-traded fund and series of StrongVest ETF Trust. Mr. Cerminara is the Chairman of the Board of Directors of a number of publicly held companies focused in the insurance, technology and communications sectors, including BK Technologies (NYSE American: BKT), a publicly traded manufacturer, and 1347 Property Insurance Holdings, Inc. (NASDAQ: PIH), a holding company, which, through its subsidiaries, is engaged in providing property and casualty insurance. He also serves on the Board of Directors of Blueharbor Bank. He also served on the Board of Directors of Magnetek, Inc., a publicly traded manufacturer, in 2015 and on the board of Iteris in 2016 and 2017.

Prior to these roles, Mr. Cerminara was a Portfolio Manager at Sigma Capital Management, an independent financial adviser, from 2011 to 2012, a Director and Sector Head of the Financials Industry at Highside Capital Management from 2009 to 2011, and a Portfolio Manager and Director at CR Intrinsic Investors from 2007 to 2009. Before joining CR Intrinsic Investors, Mr. Cerminara was a Vice President,

Associate Portfolio Manager and Analyst at T. Rowe Price from 2001 to 2007 and an Analyst at Legg Mason from 2000 to 2001. Mr. Cerminara received an MBA from the Darden School of Business at the University of Virginia and a B.S. in Finance and Accounting from the Smith School of Business at the University of Maryland, where he was a member of Omicron Delta Kappa, an NCAA Academic All American and Co-Captain of the men's varsity tennis team. He also completed a China Executive Residency at the Cheung Kong Graduate School of Business in Beijing, China. Mr. Cerminara holds the Chartered Financial Analyst (CFA) designation. Mr. Cerminara brings to the Board the perspective of one of the Company's most significant stockholders. He also has extensive experience in the financial industry, including investing, capital allocation, finance and financial analysis of public companies, and operational experience as a CEO, which qualify him to serve on our Board of Directors.

John T. Fitzgerald

Mr. Fitzgerald has been a director of Itasca since June 9, 2016. Mr. Fitzgerald is currently President and Chief Executive Officer of Kingsway Financial Services Inc. (KFSI). In April 2016, Mr. Fitzgerald joined KFSI as Executive Vice President, following KFSI's acquisition of Argo Management Group, a private equity investment partnership co-founded by Mr. Fitzgerald in 2002. Mr. Fitzgerald has had extensive transactional and operating experience in Argo's acquired companies which include manufacturing, services and distribution operations. Mr. Fitzgerald currently serves as a director of KFSI, a NYSE and TSX listed holding company that owns or controls subsidiaries primarily in the extended warranty, asset management and real estate industries, and as a director of Atlas Financial Holdings, Inc., a NASDAQ listed insurance holding company. Additionally, Mr. Fitzgerald is currently a director of CMC Industries, Inc.

Prior to Argo Management Partners, Mr. Fitzgerald was a managing director of Adirondack Capital, LLC, a financial futures and derivatives trading firm. He was a seat-owner on the Chicago Board of Trade. Mr. Fitzgerald holds a Master of Business Administration from the Kellogg School of Management, Northwestern University with concentrations in Finance, Accounting, and Management Strategy. He holds a Bachelor of Science degree in Finance from DePaul University with highest honour, Beta Gamma Sigma.

Lewis M. Johnson

Mr. Johnson has been a director of Itasca since June 4, 2018. Mr. Johnson has served as the President, Co-Founder and Partner of Fundamental Global Investors, LLC, an SEC registered investment advisor that manages equity and fixed income hedge funds, since April 2012. In addition, Mr. Johnson is Co-Chief Investment Officer of CWA Asset Management Group, LLC (d/b/a Capital Wealth Advisors), a wealth advisor and multi-family office affiliated with Fundamental Global Investors, LLC. Prior to co-founding Fundamental Global Investors, LLC and partnering with Capital Wealth Advisors, Mr. Johnson was a private investor from 2010 to 2012. From 2008 to 2010 Mr. Johnson served as Portfolio Manager and Managing Director at Louis Dreyfus Highbridge Energy. Previously Mr. Johnson was a Senior Vice President, Portfolio Manager and Analyst at Pequot Capital from 2006 to 2007. Prior to joining Pequot Capital, he was a Vice President and Analyst at T. Rowe Price from 2000 to 2006. He worked as an Analyst at Capital Research and Management in 1999 and a Vice President at AYSA from 1992 to 1998. Mr. Johnson received an MBA from the Wharton School of Business at the University of Pennsylvania in addition to a MA in Political Science and a BA in International Studies from Emory University, where he graduated Magna Cum Laude and was a member of Phi Beta Kappa. Mr. Johnson is a member of the Board of Directors of a number of publicly held companies, including Ballantyne Strong, Inc. (NYSE American: BTN), a holding company with diverse business activities focused on serving the cinema, retail, financial and government markets, since May 2016, BK Technologies, Inc. (NYSE American: BKTI) (formerly RELM Wireless Corporation), a publicly traded manufacturer, since May 2016, 1347 Property Insurance Holdings, Inc. (Nasdaq: PIH), a holding company, which, through its subsidiaries, is engaged

in providing property and casualty insurance, since April 2017, and Itasca Capital, Ltd., since June 2018. Mr. Johnson was also appointed co-chairman of 1347 Property Insurance Holdings, Inc. in May 2018 and co-chairman of BK Technologies, Inc. in June 2018.

Andrew McIntyre

Mr. McIntyre has been a director of Itasca since June 9, 2016. In October 2016, Mr. McIntyre joined Samuel, Son & Co. Limited in the role of Vice President, Corporate Development. Previously, Mr. McIntyre was Managing Director of Segwin Consulting Ltd., a consultancy specializing in M&A advisory and strategy development for B2B clients in North America and Asia. Prior to his role with Segwin Consulting Ltd., Mr. McIntyre was Vice President, Corporate Development at Vicwest Inc. where he was instrumental in acquisitions that delivered over 20% of annual revenues and one-third of annual cash flow. Previously, Mr. McIntyre served on the boards of directors of Pre-Insulated Metal Technologies Inc., BBi Enterprises Inc., MDS Capital Company and the Orthopaedic & Arthritic Institute. Mr. McIntyre's formal designations include ICD.D., Chartered Financial Analyst, Master of Business Administration from the Schulich School of Business and P. Eng.

R. Michael Powell

Mr. Powell has been a director of Itasca since June 9, 2016. Mr. Powell serves as a Managing Director in the Investment Banking Department at EarlyBirdCapital, Inc., where he focuses primarily on Special Purpose Acquisition Company (SPAC) IPOs and SPAC business combinations. Prior to joining EarlyBirdCapital, Mr. Powell served as Managing Director at Pali Capital, Inc., where he co-founded its investment banking department. Earlier in his career, Mr. Powell was a founding employee and served as a Managing Director at Morgan Joseph & Co., Inc. He also has previous experience in the Generalist/M&A group at ING Barings and the Energy and Natural Resource Group at UBS. Mr. Powell is a Phi Beta Kappa graduate of the University of North Carolina at Chapel Hill where he earned his Bachelor of Arts degree in Economics, Chemistry and Mathematics in 1994.

Larry G. Swets, Jr.

Mr. Swets has been a director and Chief Executive Officer of Itasca since June 9, 2016. Mr. Swets currently serves as Managing Member of Itasca Financial LLC, an advisory and investment firm, and as a President of Itasca Golf Managers Inc. Previously, he served as the Chief Executive Officer of Kingsway Financial Services Inc. (KFSI) from July 2010 to September 2018, as its President from July 2010 until March 2017, and as Executive Vice President of Corporate Development from January 2010 to July 2010. Prior to founding Itasca Financial LLC in 2006, Mr. Swets served as an insurance company executive and advisor, including the role of Director of Investments and Fixed Income Portfolio Manager for Kemper Insurance. At Kemper Insurance, he also evaluated business units, executed corporate transactions and divestitures, and developed financial projections and analysis for the company during its runoff stage. Mr. Swets began his career in insurance as an intern in the Kemper Scholar program in 1994. Mr. Swets is a member of the board of directors of KFSI, 1347 Property Insurance Holdings, Inc., Insurance Income Strategies Ltd., and Limbach Holdings, Inc. Previously, he served as a member of the board of directors of Atlas Financial Holdings, Inc. from December 2010 to January 2018, United Insurance Holdings Corp. from 2008 to March 2012 and Risk Enterprise Management Ltd. from November 2007 to May 2012. He is currently a member of the Young Presidents' Organization. Mr. Swets earned a master's degree in Finance from DePaul University in 1999, and a bachelor's degree from Valparaiso University in 1997. He also holds the Chartered Financial Analyst designation.

Corporate Cease Trade Orders or Bankruptcies

Other than as set forth below, to the knowledge of management of the Company, no Nominee is, at the date of this Circular, or has been, within ten years before the date of this Circular,

(a) a director, chief executive officer or chief financial officer of any company (including the Company) that:

(i) was subject to an order that was issued while the nominee was acting in the capacity as director, chief executive officer or chief financial officer; or

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

(b) a director or executive officer of any company (including the Company) that, while such Nominee was acting in that capacity, or within one year of such nominee ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such Nominee.

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

Mr. Fitzgerald was a director of Hunter Licensed Sports Distributing Corporation, which was the subject of a receivership order from the Superior Court of Quebec dated March 3, 2017. The receivership ended on September 27, 2017, following a Court order. The corporation was subsequently placed into bankruptcy on August 20, 2018.

Penalties or Sanctions

To the knowledge of management of the Company, no Nominee has:

(a) been subject to 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) been subject to 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 director nominee.

APPOINTMENT OF AUDITORS

The Board recommends approval of the appointment of Baker Tilly, the present auditors, as the auditors of the Company to hold office until the close of the next annual meeting of Itasca Shareholders. Baker Tilly was appointed the auditors of the Company on October 2, 2018.

On September 28, 2018, BDO resigned as auditors of the Company and the Board accepted the resignation of BDO as auditors of the Company. BDO was first appointed on January 30, 2017. On

October 2, 2018, the Board engaged Baker Tilly as auditors of the Company. BDO audited the Company's financial statements for the fiscal years ended December 31, 2016 and December 31, 2017, which did not contain any reservations. There were no reportable events within the meaning of National Instruments 51-102 - *Continuous Disclosure Obligations* between the Company and BDO. Additional documents related to the change of auditors, being the change of auditor notice and acknowledgements of notice by BDO and Baker Tilly are set out in Appendix "B" of this Circular.

The Board unanimously recommends that Itasca Shareholders vote **FOR** the appointment of Baker Tilly as auditors of the Company to hold office until the next annual meeting of Itasca Shareholders and that the Board be authorized to fix their remuneration.

Audit Fees

The aggregate fees billed by BDO for professional services rendered for the audit of the consolidated financial statements of the Company and its subsidiaries as of and for the years ended December 31, 2017 and December 31, 2016 were \$35,221 and \$33,567, respectively.

Audit-Related Fees

The aggregate audit-related fees, including expenses reimbursed, billed by BDO were zero for fiscal year 2017, and \$7,029 for fiscal year 2016.

Tax Fees

The aggregate fees, including expenses reimbursed, billed by BDO for tax compliance, tax advice and tax planning services were \$24,627 for fiscal year 2017, and \$10,795 for fiscal year 2016.

All Other Fees

The aggregate fees, including expenses reimbursed, billed by BDO for services rendered to the Company and its subsidiaries, other than the services described above, were zero for fiscal years 2017 and 2016.

The Audit Committee Charter provides for the Audit Committee to establish the auditors' fees. Such fees have been based upon the complexity of the matters in question and the time incurred by the auditors. Management believes that the fees negotiated in the past with the auditors of the Company were reasonable in the circumstances and would be comparable to fees charged by other auditors providing similar services.

STATEMENT OF EXECUTIVE COMPENSATION

Named Executive Officers

During the financial year ended December 31, 2017, Itasca had the following Named Executive Officers ("NEOs"):

- Larry G. Swets, Jr., CEO; and
- Hassan R. Baqar, CFO

Compensation Discussion & Analysis

Pursuant to a management services agreement dated June 10, 2016, between the Company and KFSI (the “MSA”), the Company currently pays \$1 per annum to KFSI, located at 150 Pierce Road, 6th Floor, Itasca, Illinois, to provide management and administrative services, including services of CEO and CFO. On September 7, 2017, the Board approved an amendment to the MSA whereby KFSI is entitled to be reimbursed up to \$40,000 per annum for expenses in performing the services under the MSA including use of KFSI’s other staff and resources. The Company paid \$40,000 to KFSI for such expense reimbursement for 2017. The executive officers of the Company are not currently paid any salary or any other form of compensation.

The Board has a Compensation, Governance and Nominating Committee (“CG&N Committee”). Given the current size and stage of the Company, the Board considers it adequate to have governance and compensation functions combined in one CG&N Committee.

Compensation Governance and Risk Management

The Board has responsibility for the oversight of the Company’s overall human resources policies and procedures as well as the review of executive and key employee compensation and compensation of the Company’s independent directors. In this regard, the Board also relies on the CG&N Committee.

The current members of the CG&N Committee have direct experience relevant to their responsibilities regarding executive remuneration. All members hold or have held senior roles within public companies or other entities, and all current members have a good understanding of compensation programs. They also have a good financial understanding, which allows them to assess the costs versus benefits of compensation plans.

The Board did not conduct a formal evaluation of the implications of the risks associated with the Company’s compensation policies and practices. Risk management is a consideration of the Board and the CG&N Committee when implementing its compensation program, and the Board does not believe that the Company’s compensation program resulted or results in unnecessary or inappropriate risk-taking including risks that are likely to have a material adverse effect on the Company.

NEOs and directors are not permitted to purchase financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

Summary Compensation Table

Set out below is a summary of the compensation paid during the Company’s last three financial years (ended December 31, 2017, 2016, and 2015) to the Company’s NEOs:

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Larry G. Swets, Jr. ⁽²⁾ CEO	2017	Nil	Nil	10,833 ⁽³⁾	Nil	Nil	Nil	Nil	10,833
	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Hassan R. Baqar ⁽²⁾ CFO	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Option-based awards reflect the total fair market value on the date of grant, using the Black-Scholes option pricing model, for options granted during the year, regardless of vesting conditions.
- (2) Messrs. Swets and Baqar were appointed CEO and CFO of the Company effective June 9, 2016, respectively.
- (3) The Board approved the issuance of 80,000 stock options to each director as payment for Board fees (in lieu of cash payment) which were accrued and unpaid for the period June 1, 2016 thru June 30, 2017. \$10,833 (\$5,833 for 2016 and \$5,000 for 2017) represents the grant date fair value of the stock options awarded on September 7, 2017. The grant date fair value has been calculated using the Black-Scholes option pricing model. The primary inputs for valuation were expected term of 10 years, \$1.00 exercise price, 20.5% volatility, and underlying common stock price of \$0.68 as of the grant date.

Narrative Discussion

As described above, the Company entered into the MSA with KFSI to provide management and administrative services, including services of CEO and CFO. Mr. Swets and Mr. Baqar do not have employment agreements with the Company and receive no compensation in respect of their services to the Company.

Outstanding Share-Based Awards and Option-Based Awards

During the financial year ended December 31, 2017, the Board granted 80,000 options to each director, for a total of 480,000 options, under the Company's Stock Option Plan for a term of 10 years with an exercise price of \$1.00 per option. The stock options granted to the directors were in lieu of the directors' cash fee that had been accrued and unpaid as of June 30, 2017 in order to preserve the Company's liquidity. Mr. Swets received the 80,000 options in his capacity as a director.

The following table provides details regarding the outstanding option based awards held by the NEOs as at December 31, 2017:

<i>Outstanding share-based awards and option-based awards</i>							
Name	Option-based Awards				Share-based Awards		
	Option grant date	Number of securities underlying unexercised stock options (#)	Option exercise price (\$)	Option expiration date	Aggregate value of unexercised in-the-money options (\$) ⁽¹⁾⁽²⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Larry G. Swets, Jr.	September 7, 2017	80,000	1.00	September 7, 2027	Nil	N/A	N/A

(1) Stock options were fully vested upon granting.

(2) These stock options were not in-the-money on December 31, 2017 (based on the closing price of the Itasca Shares on December 29, 2017 on the TSX-V of \$0.70).

Incentive Plan Awards - value vested or earned during the year

The following table sets forth details of the aggregate dollar value that would have been realized by the NEOs in the most recently completed financial year if the stock options under the option-based awards had been exercised on their respective vesting dates.

<i>Incentive plan awards - value vested or earned during the year</i>			
Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Larry G. Swets, Jr.	Nil	N/A	N/A

Pension Benefits

The Company does not have any pension plans including “defined benefits” plans, “defined contribution” plans or “deferred compensation” plans that provide for payments or benefits to the NEOs at, following, or in connection with retirement.

Termination and Change in Control Benefits

As at December 31, 2017, the Company had no employment or consulting agreements that require payments on termination or change of control.

DIRECTOR COMPENSATION

As at December 31, 2017, other than Mr. Swets, none of the directors of the Company were NEOs, namely:

- Edward H. Benford
- D. Kyle Cerminara
- John T. Fitzgerald
- Andrew McIntyre
- R. Michael Powell

Compensation Discussion & Analysis

The Board is responsible for ensuring that the Company had and has appropriate procedures for reviewing executive compensation and making recommendations to the Board with respect to the compensation of the Company’s directors. In this regard, the Board has formed the CG&N Committee. The Company’s compensation of directors includes directors’ fees in the amount of \$10,000 per year and option-based awards. The Board may elect to pay the directors’ fees in cash or by issuance of stock options.

Director Compensation Table

The following table sets forth the details of compensation paid to the directors, other than Mr. Swets, during the Company’s financial year ended December 31, 2017:

Name	Fees Earned (\$)	Share- based Awards (\$)	Option-based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Edward H. Benford	Nil	Nil	10,833 ⁽¹⁾	Nil	Nil	Nil	10,833
D. Kyle Cerminara	Nil	Nil	10,833 ⁽¹⁾	Nil	Nil	Nil	10,833
John T. Fitzgerald	Nil	Nil	10,833 ⁽¹⁾	Nil	Nil	Nil	10,833
Andrew McIntyre	Nil	Nil	10,833 ⁽¹⁾	Nil	Nil	Nil	10,833
R. Michael Powell	Nil	Nil	10,833 ⁽¹⁾	Nil	Nil	Nil	10,833

Notes:

(1) In September 2017, the Board approved the issuance of 80,000 stock options to each director as payment for Board fees (in lieu of cash payment) which were accrued and unpaid for the period June 1, 2016 thru June 30, 2017. \$10,833 (\$5,833 for 2016 and \$5,000 for 2017) represents the grant date fair value of the stock options awarded on September 7, 2017. The grant date fair value has been calculated using the Black-Scholes option pricing model. The primary inputs for valuation were expected term of 10 years, \$1.00 exercise price, 20.5% volatility, and underlying common stock price of \$0.68 as of the grant date.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides details of the Company's equity compensation plans at December 31, 2017:

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)) (c)
Equity compensation plans approved by the securityholders	480,000	\$1.00	1,701,062
Equity compensation plans not approved by the securityholders	Nil	Nil	Nil
Total	480,000		1,701,062

STOCK OPTION PLAN

The Stock Option Plan was last approved by Itasca Shareholders at the annual meeting of the Company held on September 7, 2017. The following is a summary of the terms of the Stock Option Plan, which is qualified in its entirety by the provisions of the Stock Option Plan. The Company is seeking a renewal of the Stock Option Plan at the Meeting.

The maximum number of Itasca Shares that may be issued upon the exercise of share options granted under the Stock Option Plan shall not exceed 10% of the issued and outstanding Itasca Shares at the time of grant, the exercise price of which, as determined by the Board in its sole discretion, shall not be less than the closing price of the Itasca Shares traded through the facilities of the TSX-V on the date prior to the date of grant, less allowable discounts, in accordance with the policies of the TSX-V or, if the Itasca Shares are no longer listed for trading on the TSX-V, then such other exchange or quotation system on which the Itasca Shares are listed or quoted for trading.

All options granted pursuant to the Stock Option Plan will be subject to such vesting requirements as may be required by the TSX-V or imposed by the Board. The Stock Option Plan does not permit the Board to grant options to any one person in any 12 month period which, when exercised, will exceed 5% of the issued and outstanding Itasca Shares or to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed 2% of the issued and outstanding Itasca Shares.

The Stock Option Plan is a rolling stock option plan and upon expiry of an option, or if an option is otherwise terminated for any reason, the number of Itasca Shares in respect of the exercised or terminated option shall again be available for the purposes of the Stock Option Plan. Options granted under the Stock Option Plan may not have an expiry date exceeding 10 years from the date on which the Board grants and announces the granting of the options. The Stock Option Plan provides for specific expiry terms if an option holder ceases to hold his or her position with the Company, including as a result of death, disability or other reasons.

Pursuant to the Stock Option Plan, options may be exercised only by the option holder or the personal representative of any option holder. The Board (or a committee of the Board) may from time to time amend any existing option or the Stock Option Plan or the terms and conditions of any option thereafter to be granted provided that where such amendment relates to an existing option and it would:

(a) materially decrease the rights or benefits accruing to an option holder; or (b) materially increase the obligations of an option holder, then, unless otherwise excepted by a provision of the Stock Option Plan, the written consent of the option holder must be obtained.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the current or former directors, executive officers, employees of the Company or its subsidiaries, or their respective associates or affiliates, are or have been indebted to the Company or its subsidiaries since the beginning of the last completed financial year of the Company.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as disclosed in this Circular, no director or executive officer of the Company holding such position since the beginning of the Company's last financial year, nor any proposed nominee for director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise in matters to be acted upon at the Meeting.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as set forth below, none of the persons who were directors or executive officers of the Company or a subsidiary of the Company at any time during the Company's last financial year, or to the knowledge of the Company, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding Itasca Shares, nor any associate or affiliate of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

The Company entered into the MSA with KFSI, a current holder of 22.86% of Itasca Shares, on June 10, 2016. Pursuant to the MSA, KFSI provides, for an annual service fee of \$1.00, management and administrative services to Itasca, including services of Chief Executive Officer, Chief Financial Officer and Corporate Secretary. On September 7, 2017, the Board approved an amendment to the MSA whereby KFSI is entitled to be reimbursed up to \$40,000 per annum for expenses in performing the services under the MSA including for use of KFSI's other staff and resources.

AUDIT COMMITTEE

Overview

The Company is required to have an Audit Committee comprised of not less than three directors, all of whom are, subject to certain exceptions, independent and financially literate (as such terms are defined in National Instrument 52-110 - *Audit Committees* ("NI 52-110")).

The purpose of the Audit Committee is to provide assistance to the Board in fulfilling its legal and fiduciary obligations with respect to matters involving:

- accounting and financial reporting processes;
- audits of the Company's annual financial statements;
- the integrity of financial statements;

- compliance with legal and regulatory requirements;
- the qualification and independence of the external auditor; and
- the performance of the external independent auditor.

It is the objective of the Audit Committee to maintain a free and open means of communication among the members of the Board, the auditor and the management.

To satisfy such purposes and objectives, the Audit Committee is responsible for:

- recommending to the Board an external auditor to be nominated for election by the shareholders at each annual general meeting and approving the compensation of such external auditor;
- overseeing the work of the external auditor, including the resolution of disagreements between the auditor and the management regarding the Company's financial reporting;
- pre-approving all non-audit services to be provided to the Company and its subsidiaries by the auditor;
- reviewing the Company's annual and interim financial statements, MD&A and press releases regarding earnings before they are submitted for review and approval by the Board and publicly disseminated by the Company; and
- reviewing and approving the Company's hiring policies regarding current and former partners and employees of the Company's current and former auditors.

The Company's auditor reports directly to the Audit Committee.

Audit Committee Charter

The Board has adopted a charter for the Audit Committee which sets out the committee's mandate, organization, powers and responsibilities. The text of the Audit Committee's charter is attached as Appendix "A" to this Circular.

Composition of Audit Committee and Independence

NI 52-110 requires that an audit committee consist of a minimum of three members. The Audit Committee consists of John T. Fitzgerald (Chairman), Andrew McIntyre and R. Michael Powell.

NI 52-110 provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of the member's independent judgment. In the Board's opinion, all three members of the Audit Committee are independent.

Financial Literacy, Relevant Education and Experience

NI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. In the Board's opinion, all three members of the Audit Committee are financially literate for the following reasons:

Mr. Fitzgerald is the President and Chief Executive Officer of KFSI (TSX: KFS, NYSE: KFS). He also serves as a member of the Audit Committee of Atlas Financial Holdings, Inc. (NASDAQ: AFH). Mr. Fitzgerald holds an MBA with concentrations in finance, accounting and management strategy, and a bachelor's degree in finance.

Mr. McIntyre is the Vice President, Corporate Development of Samuel, Son & Co. Limited. Mr. McIntyre has a Master of Business Administration from the Schulich School of Business and P. Eng, and holds the Chartered Financial Analyst designation.

Mr. Powell is the Managing Director in the Investment Banking Department at EarlyBirdCapital, Inc., and has over 22 years' experience as an investment banker.

In these positions, each member of the Audit Committee has been responsible for receiving financial information relating to the various companies for which they have acted. Additionally, each member has obtained an understanding of financial position statements, comprehensive income statements and statements of cash flows and how these statements are integral in assessing the financial position of the Company and its operational results. Each member of the Audit Committee has an understanding of the business in which the Company is engaged in and has an appreciation for the relevant accounting principles for the business of the Company.

Reliance on Certain Exemptions

Since the commencement of the Company's last financial year, the Company has not relied on the exemptions in:

- (a) section 2.4 (*De Minimis Non-audit Services*) of NI 52-110;
- (b) section 3.2 (*Initial Public Offerings*) of NI 52-110;
- (c) section 3.4 (*Events Outside the Control of Member*) of NI 52-110;
- (d) subsection 3.3(2) (*Controlled Companies*) of NI 52-110;
- (e) section 3.5 (*Death, Disability or Resignation of Audit Committee Member*) of NI 52-110;
- (f) section 3.6 (*Temporary Exemption for Limited and Exceptional Circumstances*) of NI 52-110; or
- (g) in section 3.8 (*Acquisition of Financial Literacy*) of NI 52-110.

The Company has also not relied on any exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*). The Company is relying upon the exemption under section 6.1 of NI 52-110.

Audit Committee Oversight

Since the commencement of the Company's last financial year, the Audit Committee has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

Pre-Approval Policies and Procedures

A policy of pre-approving the engagement of any non-audit services with the Company's auditor has been adopted by the Audit Committee. The Audit Committee pre-approves the engagement of non-audit services prior to such services being provided.

Audit Fees

See discussion in "Appointment of Auditors" above.

Complaints

The Audit Committee has established a written "Whistleblower Policy" which creates procedures for the confidential and anonymous submission by employees of complaints and concerns regarding the Company's accounting, auditing and financial reporting procedures and obligations, without fear of retaliation of any kind.

The policy provides that if an employee has any information, complaints or concerns regarding such matters being questionable, incorrect, misleading or fraudulent they are urged under the Whistleblower Policy to present such information, complaints or concerns to the Audit Committee, without regard to the position of the persons responsible for the subject matter of the information, complaint or concern. Promptly following the receipt of any information, complaints and concerns submitted to it, the Audit Committee will investigate each matter and take appropriate corrective actions.

The Audit Committee will retain, as part of its records, any information, complaints or concerns received. Furthermore, it will keep a written record of all such reports or inquiries and make quarterly reports on any ongoing investigation which will include steps taken to satisfactorily address each complaint.

CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 - *Disclosure of Corporate Governance Practices* of the Canadian Securities Administrators, requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines adopted in National Policy 58-201 *Corporate Governance Guidelines* (the "**Guidelines**"). These Guidelines are not prescriptive, but have been used by the Company in adopting its corporate governance practices. The Company's approach to corporate governance is set out below.

The Board of Directors

The Board has responsibility for the stewardship of the Company, specifically to oversee the operation of the Company and to supervise the management. The actions of the Board are governed by the requirements under the BCBCA to act honestly, in good faith and in the best interests of the Company and to exercise care, diligence and skill in doing so. The Board endeavors to ensure that its composition complies with the Company's constating documents, the BCBCA, applicable securities legislation of the provinces and territories of Canada, and the policies of the TSX-V.

The Board is comprised of seven directors all of whom are considered independent, except Larry G. Swets, Jr., who is also the CEO of Itasca. A director is "independent" if the director has no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Board facilitates its exercise of independent supervision over the management through periodic meetings of the Board.

Directorships

The following table identifies the name of each director of the Company and any company, which is a reporting issuer in Canada or the United States, and for which such director currently serves as a director:

Director	Other Issuers
Edward H. Benford	N/A
D. Kyle Cerminara	Ballantyne Strong Inc. BK Technologies Blueharbor Bank 1347 Property Insurance Holdings, Inc.
John T. Fitzgerald	Atlas Financial Holdings, Inc. Kingsway Financial Services Inc.
Lewis M. Johnson	Ballantyne Strong, Inc. BK Technologies 1347 Property Insurance Holdings, Inc.
Andrew McIntyre	N/A
R. Michael Powell	N/A
Larry G. Swets, Jr.	Kingsway Financial Services Inc. Limbach Holdings, Inc. 1347 Property Insurance Holdings, Inc.

Board Mandate

Every director takes part in the process of establishing policies for the Company. The Board has assumed the responsibility for developing the Company's approach to governance and responding to current governance guidelines. To that end, the Board has adopted the following mandate and objectives:

(a) *The Strategic Planning Process*

The Board participates in the Company's strategic planning by considering and, if deemed appropriate, adopting plans as proposed and developed by the management, with the management having the primary responsibility for initially developing a strategic plan.

(b) *Principal Risks*

The Board considers the risks inherent in the business and receives periodic assessments from the management and others as to these risks and the Company's strategies to manage those risks.

(c) *Policies*

The Board reviews and approves key policy statements, codes of conduct or practices developed by the management to promote ethical business conduct, regulatory compliance and public disclosure practices, among others, and monitors or oversees compliance with those policies, codes or practices.

(d) *Committees*

The Board is responsible for appointing and reviewing the mandate and composition of any Committee of the Board and considering and approving any changes to the composition, charter or mandate of any Committee of the Board.

(e) *Independence*

The Board is responsible for establishing appropriate structures and procedures so that the Board and its Committees can function independently of the management.

(f) *Compensation Practices*

The Board will review the Company's compensation practices including share option grants.

(g) *Material Agreements and Documents*

The Board will approve or ratify significant projects, investments, dispositions, acquisitions or other material agreements proposed to be entered into by the Company and review and approve all documents required by law to be reviewed and approved by the Board, including annual audited financial statements, MD&A, information circulars to be disseminated in connection with any meeting of Itasca Shareholders and any prospectus, registration statement or other similar documents.

(h) *Succession Planning*

The Board reviews the personnel needs of the Company from time to time, having particular regard to succession issues relating to the management. The training and development of personnel is generally left to the management. The Board appoints the President, CEO and Chairman, as well as the other officers of the Company.

(i) *Communications Policy*

The Board assesses the effectiveness of the Company's communications with Itasca Shareholders and has established a Disclosure and Insider Trading Policy to ensure that material matters are disseminated in a timely manner.

(j) *Integrity of Internal Controls*

The Board, through the Audit Committee and in conjunction with its auditor, assesses the adequacy of the Company's internal control systems and has instituted the controls. The Audit Committee also reviews and assesses the financial statements on a quarterly basis and reviews the adequacy of the Company's Disclosure and Insider Trading Policy as needed.

(k) *General*

The Board will generally assume such responsibility and authorities as the Board deems consistent with its duties and responsibilities to the Company and the Itasca Shareholders.

In order to foster a corporate culture of excellence, the Board has also adopted a written Code of Business Conduct and Ethics (the "Code") applicable to all directors, officers, employees, and consultants. The Board has also adopted a written mandate for its Audit Committee.

The Board has not adopted a formal system that would enable an individual director to engage an outside advisor at the expense of the Company. If such an engagement were deemed appropriate, it is

anticipated that such a request would be brought by the particular director to the Board or Audit Committee for consideration.

Position Descriptions

The Company has not formally developed position descriptions for the directors, Chairman of the Board, the Chairman of each standing committee of the Board or the CEO. However, the Board is satisfied that the directors and the management are fully aware of their responsibilities and those matters that are within their authority.

Orientation and Education of Directors

The Company does not have a formal process of orientation and education for new members of the Board. The independent Board members currently have considerable experience as members of the boards of other public and non-public companies. The management regularly provides updates to all directors on material developments in the Company's business.

Ethical Business Conduct

The Board has adopted a written Code and a Whistleblower Policy.

When any director has an interest, direct or indirect, in a material contract or material transaction relating to the Company, the BCBCA requires that the director disclose his or her interest to the Board in advance and thereafter abstain from voting as a director on that matter. The Code adopted by the Board goes further by imposing more stringent disclosure and approval requirements than those imposed under the BCBCA.

When a director has a material interest in a transaction or agreement concerning the Company, the Board takes such steps as may be prudent to isolate and eliminate or reduce the potential for such a conflict of interest to interfere with the Board's exercise of independent judgment. This may include requiring the director to excuse himself or herself from deliberations of the Board or referring that matter for consideration by a committee of independent directors of the Board.

Nomination of Directors & Compensation

The Board has constituted the CG&N Committee. The CG&N Committee has not adopted a written charter and its function is to propose new nominees to the Board, assess directors' performance, and address compensation matters.

The CG&N Committee members are Messrs. Benford, Powell and McIntyre. All members of the CG&N Committee are independent within the meaning of NI 52-110.

Other Board Committees

Other than the Audit Committee and the Compensation, Governance and Nominating Committee, the Board has no other standing committees.

Assessments

The Chairman of the Board has responsibility for ensuring the effective operation of the Board and its committees and for ensuring the Board's directors are performing effectively.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

Information contained in this Circular is given as of October 30, 2018, except as otherwise noted and except that information incorporated by reference in this Circular is given as of the date noted therein.

Additional information relating to the Company may be found on the System for Electronic Document Analysis and Retrieval maintained by the Canadian Securities Administrators (“**SEDAR**”) at www.sedar.com. Financial information about the Company is provided by the Company’s audited annual consolidated financial statements as at the financial year ended December 31, 2017, a copy of which, together with MD&A thereon, can be found on SEDAR at www.sedar.com. To request copies of the Company’s financial statements and MD&A and any document to be approved at the Meeting, Itasca Shareholders may contact the Company as follows:

E-mail:	Facsimile:	Telephone:
hbaqar@kingswayfinancial.com	(+1) 847-952-4830	(+1) 847-700-8064

Mail: 1800 – 510 West Georgia Street, Vancouver, British Columbia V6B 0M3, Canada

INFORMATION CONTAINED IN THIS CIRCULAR

Itasca Shareholders should not construe the contents of this Circular as legal, tax or financial advice and should consult with their own professional advisors in considering the relevant legal, tax, financial or other matters contained in this Circular.

DIRECTORS’ APPROVAL

The contents of this Circular and the sending thereof to the Itasca Shareholders have been approved by the Board this 30th day of October, 2018.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) “*D. Kyle Cerminara*”

D. Kyle Cerminara

Chairman of the Board of Directors

APPENDIX A – AUDIT COMMITTEE CHARTER

(Updated as of November 19, 2013)

A. Mandate

The Board of Directors of the Company has an overall responsibility to oversee the affairs of the Company for the benefit of the shareholders. The Audit Committee is appointed by the Board to assist the Board in fulfilling its oversight responsibilities. The Audit Committee has been established (within the meaning of section 3(a)(58)(A) of the Securities Act of 1934) with the following duties and responsibilities:

- Ensure the effectiveness of the overall process of identifying and addressing principal business risk and the adequacy of the related disclosure
- Monitor the integrity of the Company's financial reporting process and systems of internal controls regarding finance, accounting and legal compliance
- Monitor the independence and performance of the Company's independent auditors
- Provide an avenue of communications among the independent auditors, management and the Board of Directors
- Encourage adherence to, and continuous improvement of, the Company's policies, procedures and practices at all levels

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors as well as anyone in the organization. The Audit Committee has the ability to retain, at the Company's expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties.

B. Composition and Meetings

Audit Committee members shall meet the requirements of the TSX Venture Exchange. The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be independent non-executive directors, free from any relationship that would interfere with the exercise of his or her independent judgment. All members of the Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, and at least one member of the Committee shall have accounting or related financial expertise.

Audit Committee members shall be appointed by the Board. If the Audit Committee Chair is not designated or present, the members of the Committee may designate a Chair by majority vote of the Committee membership.

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Audit Committee Chair shall prepare and/or approve an agenda in advance of each meeting. The Committee should meet, at least annually, with management, the independent auditors and as a committee to discuss any matters that the Committee or each of these groups believes should be discussed. In addition, on a quarterly basis, the Committee or its Chair, should communicate with management the Company's financial statements and any significant findings based upon the Auditors limited review procedures, if any.

C. Responsibilities and Duties

ARTICLE I. REVIEW PROCEDURES

1. Review the Company's annual audited financial statements and management discussion and analysis prior to filing or distribution. Review should include discussion with management and independent auditors of significant issues regarding accounting principles, practices and judgments.
2. In consultation with management and the independent auditors, consider the integrity of the Company's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. Review significant findings prepared by the independent auditors together with management's responses.
3. In consultation with management, review the Company's quarterly financial results and management discussion and analysis prior to the release of earnings. Discuss any significant changes to the Company's accounting principles and any items required to be communicated by the independent auditors.

ARTICLE II. INDEPENDENT AUDITORS

4. The independent auditors are directly accountable to the Audit Committee. The Audit Committee shall review the independence and performance of the auditors and annually recommend to the Board of Directors the appointment of the independent auditors or approve any discharge of auditors when circumstances warrant.
5. Approve the fees and other significant compensation to be paid to the independent auditors, and pre-approve any non-audit services that the auditor may provide.
6. On an annual basis, the Committee should review and discuss with the independent auditors all significant relationships they have with the Company or any member of management that could impair the auditor's independence.
7. Review the independent auditors audit plan and engagement letter.
8. Discuss the year end results with the Committee before releasing.
9. The Committee shall consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.

ARTICLE III. RESPONSIBILITIES

10. At least on an annual basis, review with the Company's counsel, any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.
11. The Chairman, with the assistance of the entire Committee, shall annually produce a report to shareholders to be included in the Company's information circulars. The Chairman of the Audit Committee will review all disclosure documents to be issued by the Company relating to financial matters, including news releases, any financial documents submitted to the TSX Venture

Exchange in Canada or the Securities and Exchange Commission in the United States and information circulars.

12. Oversee the establishment and implementation of the Company's Code of Business Conduct and Ethics and Whistle-Blower Policy and Procedures.

APPENDIX B - CHANGE OF AUDITOR REPORTING PACKAGE

ITASCA CAPITAL LTD.

NOTICE OF CHANGE OF AUDITORS

TO: British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission
Autorité des Marchés Financiers

AND TO: BDO USA, LLP

AND TO: Baker Tilly Virchow Krause, LLP

Itasca Capital Ltd. (the **Corporation**) gives the following notice in accordance with section 4.11 of National Instrument 51 102 - *Continuous Disclosure Obligations (NI 51 102)*:

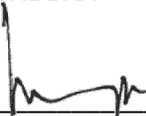
1. BDO USA, LLP (**BDO**) resigned as auditors of the Corporation effective September 28, 2018;
2. BDO resigned on its own initiative;
3. The resignation of BDO as auditors of the Corporation and the appointment of Baker Tilly Virchow Krause, LLP as auditors of the Corporation have been considered, recommended and approved by the Board of Directors;
4. BDO's reports on the Corporation's financial statements for the fiscal years ended December 31, 2016 and December 31, 2017 did not contain any reservations;
5. BDO did not audit or review any financial statements of the Corporation after December 31, 2017; and
6. There have been no reportable events between the Corporation and BDO, as such term is defined in NI 51 102.

[Signature page follows]

DATED this 2nd day of October, 2018.

ITASCA CAPITAL LTD.

Per:


Name: Hassan R. Baqar
Title: Chief Financial Officer

Notice of Change of Auditor

October 2, 2018

British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission
Autorité des Marchés Financiers

RE: Itasca Capital Ltd. – Notice of Change of Auditor

Dear Sirs/Mesdames:

We have read the Notice of Change of Auditor dated October 2, 2018 of Itasca Capital Ltd. and, in accordance with section 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations*, we confirm that we agree with each of the statements contained therein.

Yours truly,



Amar K. Kothapalli, Partner
Baker Tilly Virchow Krause, LLP



Tel: 616-774-7000
Fax: 616-776-3680
www.bdo.com

200 Ottawa Avenue NW, Suite 300
Grand Rapids, MI 49503

October 2, 2018

British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission
Autorite \square des Marches Financiers

Dear Sirs/Mesdames:

RE: Itasca Capital Ltd. Notice of Change of Auditors dated October 2, 2018

Pursuant to National Instrumental 51-102 (Section 4.11), we have read the above-noted Notice of Change of Auditor and confirm our agreement with the statements contained within the Notice pertaining to our firm.

Sincerely,

BDO USA, LLP

cc: The Audit Committee, Itasca Capital Ltd.