

**DRAGONFLY CAPITAL CORP.**  
Suite 917 – 1030 West Georgia Street  
Vancouver, British Columbia  
V6E 2Y3  
(604) 288-8005

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual general meeting (the “**Meeting**”) of the shareholders (the “**Shareholders**”) of Dragonfly Capital Corp. (the “**Company**”) will be held at Suite 918-1030 West Georgia Street, Vancouver, British Columbia at 10:00 a.m., Vancouver time, on Friday, November 1, 2019, for the following purposes:

1. To receive the audited financial statements of the Company for the financial year ended April 30, 2019 (with comparative statements relating to the preceding fiscal period) together with the report of the auditors therein;
2. To fix the number of directors at four (4);
3. To elect directors for the ensuing year;
4. To appoint the auditors of the Company and to authorize the directors to fix the auditor’s remuneration;
5. To consider, and if thought fit, to pass an ordinary resolution ratifying and approving the Company’s 10% incentive stock option plan, as more particularly described in the accompanying management information circular of the Company dated September 30, 2019 (the “**Information Circular**”); and
6. To transact such further or other business as may properly be brought before the Meeting, or any adjournment or adjournments thereof.

Accompanying this Notice of Meeting is the Company’s Information Circular, a form of proxy (the “**Proxy**”) and a Financial Statement Request Form. The accompanying Information Circular includes more detailed information relating to the matters to be addressed at the Meeting. The Information Circular is deemed to form a part of this Notice.

### **Registered Shareholders**

Every registered holder of common shares of the Company (the “**Common Shares**”) at the close of business on September 20, 2019 (the “**Record Date**”) is entitled to receive notice of, and to vote such Common Shares at the Meeting.

Registered shareholders who are unable to attend the Meeting in person and who wish to ensure that their Common Shares will be voted at the Meeting are requested to complete, sign and deliver the enclosed Proxy to the Proxy Dept., TSX Trust Company, 1000 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1 (the “**Transfer Agent**”). In order to be valid and acted upon at the Meeting, forms of proxy must be returned to the aforesaid address not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment(s) thereof. Further instructions with respect to the voting by Proxy are provided in the form of Proxy and in the Information Circular accompanying this Notice.

### **Beneficial Shareholders**

Shareholders may beneficially own Common Shares that are registered in the name of a broker, another intermediary or an agent of that broker or intermediary (“**Beneficial Shareholders**”). Without specific instructions, intermediaries are prohibited from voting Common Shares for their clients. **If you are a Beneficial Shareholder, it is vital that the voting instruction form provided to you by the Transfer Agent, your broker, intermediary or its agent is**

**returned according to the instructions provided in or with such form, sufficiently in advance of the deadline specified, to ensure that they are able to provide voting instructions on your behalf.**

DATED at Vancouver, British Columbia, this 30 day of September, 2019.

BY ORDER OF THE BOARD OF DIRECTORS

*(signed) "Martin Bajic"*

Martin Bajic

Chief Financial Officer and Director

**DRAGONFLY CAPITAL CORP.**  
**Suite 918 – 1030 West Georgia Street**  
**Vancouver, British Columbia**  
**V6E 2Y3**  
**Telephone: (604) 288-8005**

**MANAGEMENT INFORMATION CIRCULAR**  
(Containing information as at September 30, 2019 unless indicated otherwise)

**SOLICITATION OF PROXIES**

This management information circular (the “**Information Circular**”) is furnished in connection with the solicitation of proxies by the management of Dragonfly Capital Corp. (the “**Company**”) for use at the Annual General Meeting of shareholders of the Company (and any adjournment thereof) to be held on November 1, 2019 (the “**Meeting**”) at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the directors, officers and regular employees of the Company at nominal cost. All costs of solicitation by management will be borne by the Company.

The contents and the sending of this Information Circular have been approved by the directors of the Company.

**APPOINTMENT OF PROXYHOLDER**

The individuals named in the accompanying form of proxy are directors and/or officers of the Company. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM, HER OR IT AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY STRIKING OUT THE NAMES OF THOSE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY AND INSERTING THE DESIRED PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER FORM OF PROXY. A proxy will not be valid unless the completed form of proxy is received by TSX Trust Company (the “Transfer Agent”), Proxy Department, 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting, or any adjournment thereof.** Proxies delivered after that time will not be accepted.

**REVOCAION OF PROXIES**

A shareholder who has given a proxy may revoke it by an instrument in writing executed by the shareholder or by his, her or its attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the Transfer Agent at TSX Trust Company, Proxy Department, 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1 at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof, or to the Chair of the Meeting on the day of the Meeting or, if adjourned, any reconvening thereof or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

**NON-REGISTERED SHAREHOLDERS**

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are “non-registered” shareholders because the shares they own are not registered in their names but are instead registered in the names of a brokerage firm, bank or other intermediary or in the name of a clearing agency. Shareholders who do not hold their shares in their own name (referred to herein as “Beneficial Shareholders”) should note that only registered shareholders may vote at the Meeting.** If common shares of the Company (“**Common Shares**”) are listed in an account statement provided to a shareholder by a broker, then in almost all cases those common shares will not be registered in such shareholder’s name on the records of the Company. Such common shares will more likely be registered under the name of the shareholder’s broker or an agent

of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which company acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the brokers' clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided by the Company to the registered shareholders. However, its purpose is limited to instructing the registered shareholder (i.e. the broker or agent of the broker) 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 prepares a machine-readable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). 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 who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction form must be returned to Broadridge (or instructions respecting the voting of Common Shares must be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted.**

This Information Circular and accompanying materials are being sent to both registered shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories – those who object to their identity being known to the issuers of securities which they own ("**Objecting Beneficial Owners**", or "**OBOs**") and those who do not object to their identity being made known to the issuers of the securities they own ("**Non-Objecting Beneficial Owners**", or "**NOBOs**"). Subject to the provision of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") issuers may request and obtain a list of their NOBOs from intermediaries via their transfer agents. Pursuant to NI 54-101, issuers may obtain and use the NOBO list for distribution of proxy-related materials directly (not via Broadridge) to such NOBOs. If you are a Beneficial Shareholder, and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the Common Shares on your behalf.

The Company has decided to take advantage of the provisions of NI 54-101 that permit it to deliver proxy related materials directly to its NOBOs. By choosing to send these materials to you directly, the Company (and not the intermediary holding shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. As a result, if you are a NOBO of the Company, you can expect to receive a scannable Voting Instruction Form ("**VIF**") from the Transfer Agent. Please complete and return the VIF to the Transfer Agent in the envelope provided or by facsimile. The Transfer Agent will tabulate the results of the VIF's received from the Company's NOBOs and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the VIF's they receive.

The Company is not sending its proxy-related materials to the registered shareholders or Beneficial Shareholders using "notice and access", as defined in NI 54-101.

Management of the Company does not intend to pay for intermediaries to forward to OBOs (who have not otherwise waived their right to receive proxy-related materials) under NI 54-101 the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary*. Accordingly, an OBO will not receive the materials unless the OBO's intermediary assumes the costs of delivery.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his 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 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.**

All references to shareholders in this Information Circular and the accompanying form of proxy and Notice of Meeting are to shareholders of record unless specifically stated otherwise.

### **VOTING OF PROXIES**

The Common Shares represented by a properly executed proxy in favour of persons proposed by management as proxyholders in the accompanying form of proxy will:

- (a) be voted or withheld from voting in accordance with the instructions of the person appointing the proxyholder on any ballot that may be taken; and
- (b) where a choice with respect to any matter to be acted upon has been specified in the form of proxy, be voted in accordance with the specification made in such proxy.

**ON A POLL SUCH COMMON SHARES WILL BE VOTED IN FAVOUR OF EACH MATTER FOR WHICH NO CHOICE HAS BEEN SPECIFIED BY THE SHAREHOLDER WHO HAS SUBMITTED AN EXECUTED FORM OF PROXY.**

The enclosed form of proxy when properly completed and delivered and not revoked confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. If any amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Information Circular, the management of the Company knows of no such amendment, variation or other matter that may be presented to the Meeting.

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

Other than as set forth in this Information Circular, no person who has been a director or executive officer of the Company at any time since the beginning of the last financial year, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any of the foregoing, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon other than the election of directors or the appointment of auditor.

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

Authorized Capital: an unlimited number of Common Shares without par value

Issued and Outstanding: 16,311,000 Common Shares (as at September 30, 2019)

The Common Shares are the only voting securities of the Company. Only shareholders of record at the close of business on September 20, 2019 (the "**Record Date**") who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have their Common Shares voted at the Meeting.

On a show of hands, every individual who is present and is entitled to vote as a shareholder or as a representative of one or more corporate shareholders will have one vote, and on a poll every shareholder present in person or represented by a proxy and every person who is a representative of one or more corporate shareholders, will have one vote for each Common Share registered in that shareholder's name on the list of shareholders as at the Record Date, which is

available for inspection during normal business hours at TSX Trust Company and will be available at the Meeting. **Shareholders represented by proxy holders are not entitled to vote on a show of hands.**

To the knowledge of the directors and executive officers of the Company, no person or company beneficially owns, directly or indirectly or exercises control or direction over Common Shares carrying 10% or more of the voting rights attached to all outstanding Common Shares of the Company.

## **ELECTION OF DIRECTORS**

### **Number of Directors**

The Board of Directors presently consists of four directors and it is intended to set the number of directors at four and to elect four directors for the ensuing year. Accordingly, shareholders will therefore be asked to approve an ordinary resolution that sets the number of directors to be elected at four.

The term of office of each of the present directors expires at the Meeting. The persons named below will be presented for election at the Meeting as management’s nominees and the persons proposed by management as proxyholders in the accompanying form of proxy intend to vote for the election of these nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company or the provisions of the *Business Corporations Act* (British Columbia).

The following table and notes thereto sets out the name of each person proposed to be nominated by management for election as a director (a “**proposed director**”), the province and country in which he is ordinarily resident, all offices of the Company now held by him, his principal occupation, the period of time for which he has been a director of the Company, and the number of Common Shares of the Company beneficially owned by him, or controlled or directed, directly or indirectly, or over which he exercises control or direction, as at the date hereof.

| <b>Proposed Director<sup>(1)</sup></b>   | <b>Present Principal Occupation<sup>(1)</sup></b> | <b>Date appointed as a Director</b> | <b>Number of Common Shares beneficially owned or controlled or directed, directly or indirectly<sup>(2)</sup></b> |
|--|---|-------------------------------------|---|
| Kent Deuters<br><i>Chief Executive Officer of the Company and Director</i><br>Ontario, Canada                  | Business Consultant                               | April 30, 2018                      | Nil   |
| Martin Bajic <sup>(3)</sup><br><i>Chief Financial Officer of the Company and Director</i><br>Vancouver, Canada | Certified Public Accountant                       | April 30, 2018                      | Nil   |
| Gregory Galanis <sup>(3)</sup><br><i>Director</i><br>Ontario, Canada   | Private Investor                                  | April 30, 2018                      | 655,000   |
| Paul Kania <sup>(3)</sup><br><i>Director</i><br>Ontario, Canada  | Certified Public Accountant                       | September 26, 2018                  | Nil   |

**Notes:**

- (1) The information as to the province, or state and country of residence and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (2) The information as to Common Shares beneficially owned or over which a director exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (3) Member of the Audit Committee.

**CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES**

To the knowledge of the Company, none of the proposed directors (or any of their personal holding companies) of the Company:

- (c) is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company, including the Company, that:
  - (i) as subject of a cease trade order 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 while that person was acting in the capacity as director, executive officer or chief financial officer; or
  - (ii) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation in each case for a period of 30 consecutive days, that was issued after the person ceased to be a director, chief executive officer or chief financial officer in the company and which resulted from an event that occurred while that person was acting in the capacity as director, executive officer or chief financial officer; or
- (d) is as at the date of this Information Circular or has been within the 10 years before the date of this Information Circular, a director or executive officer of any company, including the Company, that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (e) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager as trustee appointed to hold the assets of that individual.

To the knowledge of the Company, none of the proposed directors (or any of their personal holding companies) 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.

**AUDIT COMMITTEE DISCLOSURE**

Under National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”), venture issuers must include in its management information circular the disclosure required by Form 52-110F2 – *Disclosure by Venture Issuers* with respect to their audit committee, including the text of the audit committee’s charter, the composition of the audit committee and the fees paid to the external auditor. This information is set out in the attached Schedule “A” to this Information Circular.

## STATEMENT OF EXECUTIVE COMPENSATION

For the purposes of this Information Circular, a Named Executive Officer (“**NEO**”) of the Company means each of the following individuals:

- (a) a chief executive officer (“**CEO**”) of the Company;
- (b) a chief financial officer (“**CFO**”) of the Company;
- (c) each of the Company’s three most highly compensated executive officers of the Company including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6, for the financial year ended April 30, 2019; and
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity at the financial year ended April 30, 2019.

During the financial year ended April 30, 2019, the Company had two NEOs: Kent Deuters, who served as CEO of the company and Martin Bajic, who served as CFO of the Company.

### **Compensation Discussion and Analysis**

The Company’s board of directors (the “**Board**”) is responsible for ensuring that the Company has in place an appropriate plan for executive compensation and for making recommendations with respect to the compensation of the Company’s executive officers. The Board ensures that total compensation paid to its NEOs is fair and reasonable and is consistent with the Company’s compensation philosophy.

Prior to completion of a Qualifying Transaction (as such term is defined under the policies of the TSX Venture Exchange (the “**TSXV**”), no payment of any kind has been made, or will be made, directly or indirectly, by the Company to a non-arm’s length party to the Company or a Non-Arm’s Length Party to the Qualifying Transaction, or to any person engaged in investor relations activities in respect of the securities of the Company or any resulting issuer by any means, including: (a) remuneration, which includes but is not limited to: (i) salaries; (ii) consulting fees; (iii) management contract fees or directors’ fees; (iv) finders fees; (v) loans, advances, bonuses; and (b) deposits and similar payments.

However, the Company may reimburse non-arm’s length parties for the Company’s reasonable allocation of rent, secretarial services and other general administrative expenses, at fair market value (“**Permitted Reimbursement**”), which reimbursements, since incorporation, have taken place. For the financial year ended April 30, 2019, the Company incurred rent and administrative fees of \$0.00 (2018 - \$14,175). See “Summary Compensation Table” for further information. No reimbursement may be made for any payment made to lease or buy a vehicle.

The directors and officers may also be granted stock options under the stock option plan of the Company (the “**Stock Option Plan**”).

Following completion of a Qualifying Transaction, it is anticipated that the Company shall pay compensation to its directors and officers. However, no payment other than the Permitted Reimbursements will be made by the Company or by any party on behalf of the Company, after completion of a Qualifying Transaction, if the payment relates to services rendered or obligations incurred or in connection with the Qualifying Transaction.

## Summary Compensation Table

The table below sets forth all direct and indirect compensation for, or in connection with, services provided to the Company for the three most recently completed financial years ending April 30, 2019, 2018 and 2017 in respect of the present and previous NEOs of the Company.

| Name and principal position   | Year <sup>(1)</sup>  | Salary (\$)       | Share-based awards (\$) | Option-based awards (\$) <sup>(5)</sup> | Non-equity incentive plan compensation (\$) |  | Pension value (\$) | All other compensation (\$)                           | Total compensation (\$) |
|---|----------------------|-------------------|-------------------------|---|---|--|--------------------|---|-------------------------|
|   |                      |                   |                         |   | Annual Incentive Plans <sup>(2)</sup>       | Long-term incentive plans <sup>(3)</sup> |                    |   |                         |
| Kent Deuters <sup>(5)</sup><br><i>CEO</i>   | 2019                 | Nil               | Nil                     | Nil                                     | Nil   | Nil                                      | Nil                | Nil   | Nil                     |
| Martin Bajic <sup>(5)</sup><br><i>CFO</i>   | 2019                 | Nil               | Nil                     | Nil                                     | Nil   | Nil                                      | Nil                | Nil   | Nil                     |
| Harry Chew <sup>(5)</sup><br><i>Former President, CEO &amp; CFO<sup>(5)</sup></i> | 2019<br>2018<br>2017 | Nil<br>Nil<br>Nil | Nil<br>Nil<br>Nil       | Nil<br>Nil<br>Nil                       | Nil<br>Nil<br>Nil                           | Nil<br>Nil<br>Nil                        | Nil<br>Nil<br>Nil  | Nil<br>14,175 <sup>(4)</sup><br>18,900 <sup>(4)</sup> | Nil<br>14,175<br>18,900 |

### Notes:

- (1) Financial years ended April 30. The Company was incorporated on March 19, 2010. The Company's Common Shares commenced trading on the TSXV on October 15, 2010 and effective February 6, 2013, the Common Shares of the Company were transferred to and commenced trading on NEX.
- (2) The Company does not currently have a formal annual incentive plan or long term incentive plan for any of its executive officers, including its Named Executive Officers, other than the Stock Option Plan.
- (3) The Company does not have any pension, retirement or deferred compensation plans, including defined contribution plans.
- (4) During the financial year ended April 30, 2019, the Company incurred rent and administrative fees of \$0.00 (2018: \$14,175) to Pacific Paragon Capital Group Ltd., a private company owned as to 75% by Harry Chew, for rent and administrative fees. See "Interest of Informed Persons in Material Transactions".
- (5) Harry Chew resigned as President, CEO, CFO and a director of the Company effective April 30, 2018. Kent Deuters was appointed as CEO and Martin Bajic was appointed as CFO effective April 30, 2018.

## Incentive Plan Awards

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

There are no incentive stock options for the NEOs outstanding pursuant to the Stock Option Plan, as at April 30, 2019. No other share-based awards have been granted to the NEOs.

### *Incentive Plan Awards – Value Vested or Earned During The Year*

There are no options awarded under the Stock Option Plan for the NEOs that vested during the financial year ended on April 30, 2019 or under non-equity incentive plans for the same period.

### **Pension Benefits**

The Company does not have any form of pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement. The Company does not have any form of deferred compensation plan.

### **Termination and Change of Control Benefits**

The Company has no plans or arrangements in respect of remuneration received or that may be received by the NEOs in the Company's most recently completed financial year or current financial year in respect of compensating such officer in the event of termination of employment (as a result of resignation, retirement, change of control, etc.) or a change in responsibilities following a change of control.

There are no employment contracts between the Company and the NEOs.

There are no compensatory plans, contracts or arrangements between the Company and any NEO, where the NEO is entitled to receive more than \$50,000 from the Company, including periodic payments or installments, in the event of:

- (a) the resignation, retirement or any other termination of employment of the NEO's employment with the Company;
- (b) a change of control of the Company; or
- (c) a change of the NEO's responsibilities following a change in control.

### **Director Compensation**

For a description of the compensation paid to the Company's NEOs who also act as directors, see "Summary Compensation Table" above.

#### *Director Compensation Table*

The following table sets forth all amounts of compensation provided to the directors of the Company, who are each not also NEOs, for the most recently completed financial year:

| <b>Name</b>     | <b>Fees Earned (\$)</b> | <b>Shared-based awards (\$)</b> | <b>Option-based awards (\$)</b> | <b>Non-equity incentive plan compensation (\$)</b> | <b>Pension value</b> | <b>All other compensation (\$)<sup>(1)</sup></b> | <b>Total (\$)</b> |
|-----------------|-------------------------|---------------------------------|---------------------------------|--|----------------------|--|-------------------|
| Gregory Galanis | Nil                     | Nil                             | Nil                             | Nil  | Nil                  | Nil  | Nil               |
| Paul Kania      | Nil                     | Nil                             | Nil                             | Nil  | Nil                  | Nil  | Nil               |

**Note:**

<sup>(1)</sup> Nil

Except as disclosed herein, the Company has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Company for their services in their capacity as directors, or for committee participation, for

involvement in special assignments or for services as consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this Information Circular.

As disclosed elsewhere in this Information Circular, the Company has the Stock Option Plan for the granting of incentive stock options to the officers, employees and directors. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the directors of the Company and to closely align the personal interests of such persons to that of the shareholders.

During the financial year ended April 30, 2019, no directors (who are not also a NEO) received compensation for their services as directors, for committee participation, for involvement in special assignments or for services as consultant or expert.

#### *Incentive Plan Awards - Outstanding Option-Based Awards*

There were no option-based awards to directors outstanding as at April 30, 2019, including awards granted before the most recently completed financial year.

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

There were no outstanding incentive plan awards that vested during the financial year ended April 30, 2019 for directors who are not also NEOs of the Company before the most recently completed financial year.

A description of the significant terms of the Stock Option Plan is found under the heading “Annual Approval of Stock Option Plan”.

### **DISCLOSURE OF CORPORATE GOVERNANCE PRACTICE**

National Instrument 58-101, *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) requires reporting issuers to disclose the corporate governance practices, on an annual basis, that they have adopted. The Company’s approach to corporate governance is provided in Schedule “B”.

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

At no time during the Company’s last completed financial year or as of April 30, 2019, was any director, executive officer, employee, proposed management nominee for election as a director of the Company nor any associate of any such director, executive officer, or proposed management nominee of the Company or any former director, executive officer or employee of the Company or any of its subsidiaries is or has been indebted to the Company or any of its subsidiaries or is or has been indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, other than routine indebtedness.

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

#### **Equity Compensation Plan Information**

The following table provides information regarding compensation plans under which securities of the Company are authorized for issuance to directors, officers, employees and consultants in effect as of April 30, 2019:

### Equity Compensation Plan Information

| Plan Category  | Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights<br>(a) | Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights<br>(b) | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))<br>(c) |
|--|--|--|--|
| Equity Compensation Plans Approved By Securityholders <sup>(1)</sup>     | Nil  | N/A  | 1,631,100  |
| Equity Compensation Plans Not Approved by Securityholders <sup>(1)</sup> | N/A  | N/A  | N/A  |
| Total  | Nil  | N/A  | 1,631,100  |

**Note:**

<sup>(1)</sup> In April, 2010, the Company adopted the Stock Option Plan, being a “rolling” incentive stock option plan which provides that the Board may grant up to ten percent (10%) of the total number of Common Shares issued and outstanding at the date of the stock option grant (the “Plan”). For terms of the equity compensation plan see “Particulars of Matters to be Acted Upon at the Meeting – Annual Approval of Stock Option Plan”.

In August, 2011, the Board approved certain administrative changes to the Plan to include additional provisions to address the treatment of options that expire during a blackout period and income tax withholding requirements of the *Income Tax Act* (Canada) regarding stock option benefits and certain amendments of housekeeping nature. See “Particulars of Matters to be Acted Upon at the Meeting – Annual Approval of Stock Option Plan”.

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

None of the directors or executive officers of the Company, a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company, nor any shareholder beneficially owning, directly or indirectly, Common Shares of the Company, or exercising control or direction over Common Shares of the Company, or a combination of both, carrying more than 10% of the voting rights attached to the outstanding Common Shares of the Company nor an associate or affiliate of any of the foregoing persons has since May 1, 2018 (being the commencement of the Company’s last completed financial year) any material interest, direct or indirect, in any transactions which materially affected or would materially affect the Company or any of its subsidiaries.

#### **MANAGEMENT CONTRACTS**

The management functions of the Company are substantially performed by the directors and officers of the Company, and not to any substantial degree by any other person with whom the Company has contracted. The Company does not presently have any management agreements in place with any of its directors or officers.

#### **APPOINTMENT OF AUDITOR**

Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the appointment of Saturna Group Chartered Professional Accountants LLP, as auditors of the Company. Saturna Group Chartered Professional Accountants LLP were first appointed auditors of the Company on March 19, 2010.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **Annual Approval of Stock Option Plan**

In connection with the Company's initial public offering, the Company adopted the Plan, being a "rolling" incentive stock option plan which provides that the Board may grant up to 10% of the total number of Common Shares issued and outstanding at the date of the stock option grant. The purpose of the Plan is to allow the Company to grant options to directors, senior officers, consultants, employees and management company employees as additional compensation and as an opportunity to participate in the profitability of the Company. The granting of such options is intended to align the interests of such persons with that of the Company.

The term of any options granted under the Plan will be fixed by the Board of Directors and may not exceed ten years. The exercise price of options granted under the Plan will be determined by the Board of Directors, and if the Common Shares are listed on the TSXV or NEX, the exercise price must not be lower than the last closing sales price for such Common Shares as quoted on the TSXV and NEX for the market trading day immediately prior to the date of grant of the option, less any discount permitted by the TSXV and NEX and will not otherwise be less than \$0.05 per Common Share.

Prior to completion of a Qualifying Transaction, the Board may grant options only to directors, officers and (technical) consultants. While the Company is a capital pool company, options may be exercisable the greater of 12 months after the completion of the Qualifying Transaction and up to 90 days following cessation of the optionee's position with the Company in the event the optionee cease to be a director, officer, employee or consultant of the resulting issuer in connection with the Qualifying Transaction. Any Common Shares acquired pursuant to the exercise of options prior to the completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow restrictions until the final TSXV bulletin is issued.

Pursuant to the Plan, the Board of Directors may, from time to time, authorize the grant of options to eligible persons, being directors, senior officers, employees, management company employees and consultants of the Company and its affiliates.

The following is a summary of the other material terms of the Plan:

- (a) the number of Common Shares reserved for issuance pursuant to the exercise of options granted under the Plan will not exceed 10% of the issued and outstanding Common Shares. Any increase in the issued and outstanding Common Shares will result in an increase to the 10% level in the available number of Common Shares issuable under the Plan, and any options that are forfeited, cancelled or expired unexercised will make new grants available under the Plan;
- (b) the maximum aggregate number of Common Shares that may be reserved for issuance under options granted to insiders may not exceed 10% of the outstanding issue at the time of grant, unless the Company has obtained "disinterested shareholder" approval in accordance with the policies of the TSXV and NEX;
- (c) the maximum aggregate number of options granted to insiders together with any other share compensation arrangement within a 12-month period may not exceed 10% of the outstanding issue at the time of grant, unless the Company has obtained "disinterested shareholder" approval in accordance with the policies of the TSXV and NEX;
- (d) the maximum aggregate number of Common Shares that may be reserved for issuance under options together with any other share compensation arrangement to any one individual within a 12 month period shall not exceed 5% of the outstanding issue at the time of grant (unless the Company has obtained "disinterested shareholder" approval in accordance with the policies of the TSXV and NEX);
- (e) the maximum aggregate number of Common Shares that may be reserved under the Plan or any other share compensation arrangement for issuance to any one consultant within a 12-month period shall not exceed 2% of the outstanding issue at the time of grant; and

- (f) the maximum aggregate number of Common Shares that may be reserved under the Plan or any other share compensation arrangement for issuance to persons who are conducting investor relations activities within a 12-month period shall not exceed 2% of the outstanding issue at the time of grant;
- (g) all options granted under the Plan are non-assignable and non-transferable;
- (h) options granted to consultants engaged to perform investor relations activities must be subject to a vesting schedule whereby no more than 25% of the options granted may be vested in any three-month period. The Plan does not contain any other vesting requirements, but permits the Board to specify a vesting schedule in its discretion;
- (i) for stock options granted to employees, management company employees or consultants of the Company or any of its affiliates, the Company must ensure that the proposed Optionee is a bona fide employee, management company employee or consultant of the Company or any of its affiliates, as the case may be;
- (j) if an optionee ceases to be an eligible optionee, any options held by such optionee shall expire within a reasonable period (not to exceed one year) from the date such optionee ceases to be an eligible optionee. In the event an optionee ceases to be an eligible optionee for termination for cause the option shall terminate on the date on which an optionee is terminated for cause. On death or disability of an optionee, any options held by such optionee shall expire no later than one year from the date of death or disability;
- (k) in the event of a takeover bid, all option shares subject to such option will become vested and the option may be exercised in whole or in part by the optionee so as to permit the optionee to tender the option shares received upon such exercise, pursuant to the offer;
- (l) on the occurrence of a takeover bid, or offer, the Board of Directors will have the right to accelerate the date on which any option becomes exercisable;
- (m) the exercise price and the number of Common Shares which are subject to an option may be adjusted from time to time for share dividends, and in the event of reclassifications, reorganizations or changes in the capital structure of the Company;
- (n) specific disinterested shareholder approval is required to reduce the exercise price of an option for an optionee who is an insider; and
- (o) If the normal expiration date of any option falls within any blackout period or within 10 business days following the end of any blackout period, then the expiry date of such restricted options shall, without any further action, be extended to the date that is 10 business days following the end of such blackout period.

The Company is required, pursuant to the policies of the TSXV and NEX, annually, to obtain shareholder approval of the Plan. Accordingly, the shareholders of the Company will be asked to approve the following ordinary resolution:

**“RESOLVED**, as an ordinary resolution, that:

1. the Stock Option Plan, being a “rolling” stock option plan, as described in the Company’s Information Circular dated September 30, 2019 and the grant of options thereunder in accordance therewith, be approved;
2. the number of Common Shares reserved for issuance under the Stock Option Plan shall be no more than 10% of the Company’s issued and outstanding share capital at the time of any stock option grant;
3. the board of directors of the Company be authorized to make any changes to the Stock Option Plan, as may be required or permitted by the TSX Venture Exchange and NEX; and
4. any director or officer of the Company is hereby authorized and directed for and in the name of and on behalf of the Company to execute or cause to be executed, whether under corporate seal of the Company or

otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things as in the opinion of such director or officer may be necessary or desirable in connection with the foregoing.”

A copy of the Plan, as amended, may be inspected at the offices of McCarthy Tetrault LLP, 745 Thurlow St, Suite 2400, Vancouver, British Columbia, V6E 0C5 during normal business hours and at the Meeting. In addition, a copy of the Plan, as amended, will be mailed, free of charge, to any holder of Common Shares who requests a copy, in writing, from the CFO of the Company. Any such requests should be mailed to the Company, at its head office, to the attention of the CFO.

If named as proxy, the management designees intend to vote the Common Shares represented by such proxy at the Meeting for the approval of the Plan, unless otherwise directed in the instrument of proxy.

The Board recommends that shareholders vote FOR the resolution approving the Plan.

### **ANY OTHER MATTERS**

Management of the Company knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Information Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Information Circular to vote the same in accordance with their best judgment on such matters.

### **ADDITIONAL INFORMATION**

Additional information regarding the Company and its business activities is available on the SEDAR website located at [www.sedar.com](http://www.sedar.com) “Company Profiles – Dragonfly Capital Corp.” The Company’s financial information is provided in the Company’s audited comparative financial statements and related management discussion and analysis for its most recently completed financial year and may be viewed on the SEDAR website at the location noted above. Shareholders of the Company may request copies of the Company’s financial statements and related management discussion and analysis by contacting the CFO at the Company at Suite 918, 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3, Phone: (604) 288-8005 and Fax (604) 662-7950.

## Schedule "A"

### Audit Committee

#### Composition of the Audit Committee

As of the date of this Information Circular, the following are the members of the Company's Audit Committee:

| <b><u>Member</u></b> | <b><u>Independent</u><sup>(1)</sup></b> | <b><u>Financially literate</u><sup>(2)</sup></b> |
|----------------------|---|--|
| Paul Kania           | Yes                                     | Yes  |
| Martin Bajic         | No                                      | Yes  |
| Gregory Galanis      | Yes                                     | Yes  |

#### **Notes:**

- <sup>(1)</sup> 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 of Directors, reasonably interfere with the exercise of a member's independent judgment. Martin Bajic is not independent as he is the Chief Financial Officer of the Company.
- <sup>(2)</sup> An individual is financially literate if the member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

#### **Relevant Education and Experience**

The following is a summary of the audit committee members education and experience which is relevant to the performance of their responsibilities as an audit committee member:

**Paul Kania.** Mr. Kania holds an Honours Bachelor of Arts Degree from the University of Toronto, and a Finance & Accounting Certificate from Ryerson University. He is also a member of the Certified Public Accountants of New York. He currently serves as chief financial officer for several public companies trading on the TSX Venture Exchange and Canadian Securities Exchange, as well as private companies.

**Martin Bajic.** Mr. Bajic holds a Bachelor of Arts Degree and a Diploma in Accounting from the University of British Columbia and is a member of the Chartered Professional Accountants of British Columbia. He has over a decade of experience serving as a director, chief financial officer or consultant to numerous public companies trading on the TSX Venture Exchange or the Canadian Securities Exchange with a focus in the resource and technology industries. His background as a CPA, CA provides the Company with the requisite skills necessary for financial management and compliance with today's complex regulatory reporting requirements.

**Gregory Galanis.** Mr. Galanis brings over 20 years of experience and success in alternative investment management. Mr. Galanis began his career with First Marathon Securities in 1994, where he was the Portfolio Manager, Derivative Instruments Group and managed a \$750 million long and short market-neutral portfolio. In 1996, he moved to Midland Walwyn, where he served as a Portfolio Manager, Equity Derivatives Group, and managed a \$1.25 billion market-neutral portfolio. In 1998, Mr. Galanis was recruited as a Principal with C. Dean Metropoulos in the U.S., a private investment firm providing executive leadership and strategic direction to a portfolio of businesses. In 2000, Mr. Galanis served as the Portfolio Manager, Alternative Investments, of Delphi Capital Partners, a private investment company with over \$3 billion in assets. In 2001, Mr. Galanis joined Ascendant Capital as a Partner and Portfolio Manager. Mr. Galanis later purchased 100% of Ascendant Capital and in 2004 he merged it with Eosphoros Asset Management (EAM), a hedge fund company founded by Mr. Galanis, and of which he is the CEO. EAM currently has portfolio investments and representative offices in Canada, United States, Europe, Cayman Islands, Nevis, and Brazil. Mr. Gregory Galanis holds an MBA (Finance and Financial Engineering) from the Wharton School at the University of Pennsylvania and a BSc in Mathematics from the University of Toronto.

## **The Audit Committee Charter**

The text of the Audit Committee's Charter is as follows:

### **1. Purpose and Objectives**

1.1 The Audit Committee will assist the board of directors (the "**Board**") in fulfilling its responsibilities. The Audit Committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the Company's process for monitoring compliance with laws and regulations. In performing its duties, the Audit Committee will maintain effective working relationships with the Board, management, and the external auditors and monitor the independence of those auditors. To perform his or her role effectively, each Audit Committee member will obtain an understanding of the responsibilities of Audit Committee membership as well as the Company's business, operations and risks.

### **2. Authority**

2.1 The Board authorizes the Audit Committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to obtain outside legal or professional advice and to ensure the attendance of Company officers at meetings as appropriate.

2.2 The Board will instruct its external auditors to report directly to the Audit Committee.

### **3. Composition, Procedures and Organization**

#### Membership

3.1 The Audit Committee shall consist of at least three members of the Board, a majority of which are not officers, employees or control persons of the Company or any associates or affiliates of the Company.

3.2 The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Audit Committee for the ensuing year. The Board may at any time remove or replace any member of the Audit Committee and may fill any vacancy in the Audit Committee.

3.3 Unless the Board shall have appointed a chair of the Audit Committee or in the event of the absence of the chair, the members of the Audit Committee shall elect a chair from among their number.

3.4 The secretary of the Audit Committee shall be designated from time to time from one of the members of the Audit Committee or, failing that, shall be the Company's corporate secretary, unless otherwise determined by the Audit Committee.

3.5 The Audit Committee shall have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.

#### Meetings

3.6 The quorum for meetings shall be a majority of the members of the Audit Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.

3.7 Meetings of the Audit Committee shall be conducted as follows:

- (a) the Audit Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Audit Committee. Special meetings shall be convened as required. The external auditors or any member of the Audit Committee may request a meeting of the Audit Committee;

- (b) the chair of the Audit Committee shall be responsible for developing and setting the agenda for Audit Committee meetings and determining the time and place of such meetings;
- (c) the Audit Committee may invite such other persons (e.g. the President or Chief Financial Officer) to its meetings, as it deems appropriate; and
- (d) notice of the time and place of every meeting of the Audit Committee shall be given in writing to each member of the Audit Committee a reasonable time before the meeting.

3.8 The proceedings of all meetings of the Audit Committee will be minuted.

#### Procedures

3.9 The internal auditors and the external auditors shall have a direct line of communication to the Audit Committee through its chair and may bypass management if deemed necessary. The Audit Committee, through its chair, may contact directly any employee in the Company as it deems necessary, and any employee may bring before the Audit Committee any matter involving questionable, illegal or improper financial practices or transactions.

3.10 The Audit Committee shall have authority to engage independent counsel and other advisors as it determines necessary to carry out its duties, to set and pay the compensation for any advisors employed by the Audit Committee and to communicate directly with the internal and external auditors.

#### **4. Roles and Responsibilities**

4.1 The overall duties and responsibilities of the Audit Committee shall be as follows:

- (a) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly consolidated financial statements;
- (b) to establish and maintain a direct line of communication with the Company's internal auditors, if any, and external auditors and assess their performance; and
- (c) to ensure that the management of the Company's has designed, implemented and is maintaining an effective system of internal financial controls.

4.2 The duties and responsibilities of the Audit Committee as they relate to the external auditors shall be as follows:

- (a) to recommend to the Board a firm of external auditors to be engaged by the Company, and to verify the independence of such external auditors;
- (b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors and ensure no unjustifiable restrictions or limitations have been placed on the scope;
- (c) to review the audit plan of the external auditors prior to the commencement of the audit;
- (d) to approve in advance the provision of non-audit services provided by the external auditors;
- (e) to review with the external auditors, upon completion of their audit:
  - (i) the content of their report;
  - (ii) scope and quality of the audit work performed;

- (iii) adequacy of the Company's financial and auditing personnel;
  - (iv) internal resources used;
  - (v) significant transactions outside of the normal business of the Company;
  - (vi) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
- (f) to discuss with the external auditors the quality and not just the acceptability of the Company's accounting principles.

4.3 The duties and responsibilities of the Audit Committee as they relate to the Company's internal auditors, as and when applicable, shall be as follows:

- (a) to periodically review the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department; and
- (b) to review significant internal audit findings and recommendations, and management's response thereto.

4.4 The duties and responsibilities of the Audit Committee as they relate to the internal control procedures of the Company shall be as follows:

- (a) to review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
- (b) to review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and
- (c) to periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.

4.5 The Audit Committee is also charged with the responsibility to:

- (a) review the annual and quarterly financial statements, including Management's Discussion and Analysis with respect thereto, and all annual and interim earnings press releases, prior to public dissemination, including any certification, report, opinion or review rendered by the external auditors and determine whether they are completed and consistent with the information known to the Audit Committee;
- (b) evaluate the fairness of the interim financial statements and related disclosures including the associated Management's Discussion and Analysis, and obtain explanations from management on whether:
  - (i) actual financial results for the interim period varied significantly from budgeted or projected results;
  - (ii) generally accepted accounting principles have been consistently applied;
  - (iii) there are any actual or proposed changes in accounting or financial reporting practices; and
  - (iv) there are any significant or unusual events or transactions which require disclosure and, if so, consider adequacy of that disclosure.
- (c) review and approve the financial sections of:

- (i) the annual report to shareholders;
- (ii) the annual information form (if any);
- (iii) prospectuses (if any); and
- (iv) other public reports requiring approval by the Board;

and report to the Board with respect thereto;

- (d) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
- (e) review the minutes of any Audit Committee meeting;
- (f) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
- (g) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of material facts;
- (h) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company; and
- (i) establish a procedure for:
  - (i) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
  - (ii) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters.

### **Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 (*De Minimis Non-audit Services*) of National Instrument – *Audit Committees* 52-110 (“**NI 52-110**”), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. Part 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 adopted specific policies and procedures for the engagement of non-audit services as described above under the heading “Responsibilities and Processes”.

### External Auditor Service Fees (By Category)

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

| Financial Year Ending | Audit Fees <sup>(1)</sup> | Audit Related Fees <sup>(2)</sup> | Tax Fees <sup>(3)</sup> | All Other Fees <sup>(4)</sup> |
|-----------------------|---------------------------|-----------------------------------|-------------------------|-------------------------------|
| 2019                  | \$5,500                   | \$Nil                             | \$250                   | \$Nil                         |
| 2018                  | \$5,500                   | \$Nil                             | \$500                   | \$Nil                         |

#### Notes:

- (1) The aggregate audit fees billed.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and which are not included under the heading "Audit Fees".
- (3) Fees billed for preparation of Company's corporate tax return.
- (4) The aggregate fees billed for products and services other than as set out under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees".

#### Exemption

The Company is relying upon the exemption in section 6.1 of the NI 52-110, which exempts venture issuers (as defined therein) from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of that instrument.

## Schedule “B”

### Statement of Corporate Governance Practices

National Policy 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company’s practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices for Venture Issuers in Form 58-101F2, which disclosure is set out below.

#### **Board of Directors**

##### *Structure and Compensation*

The Board is currently composed of four directors and all of the current Board are the proposed nominees for election as director at the Meeting.

National Policy 58-201 suggests that the board of directors of every listed corporation should be constituted with a majority of individuals who qualify as “independent” directors under National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”), which provides that a director is independent if he or she has no direct or indirect “material relationship” with the Company. A “material relationship” is defined as a relationship which could, in the view of the Company’s board of directors, be reasonably expected to interfere with the exercise of a director’s independent judgement. Of the current directors, Kent Deuters, the President and Chief Executive Officer, and Martin Bajic, the Chief Financial Officer, are “inside” or management directors and accordingly are considered not “independent”. The remaining directors are considered by the Board to be “independent”, within the meaning of NI 52-110.

The Board currently does not have a Chair and does not consider that, at this stage of the Company’s development, it is necessary to have one.

The quantity and quality of the Board compensation is reviewed on an annual basis. At present, in light of the Company’s status as a capital pool company, the Board is satisfied that the current Board compensation arrangement adequately reflect the responsibilities and risks involved in being an effective director of the Company. At the present time, the Chief Executive Officer and Chief Financial Officer has not received any cash compensation for acting as such. At this time, the Company does not believe its size and limited scope of operations requires a formal compensation committee.

##### *Directorships*

The following directors of the Company and proposed nominees are directors of other reporting issuers:

| Name            | Name of Reporting Issuer   | Name of Exchange or Market                       |
|-----------------|--|--|
| Kent Deuters    | N/A  | N/A  |
| Martin Bajic    | Dizun International Enterprises Inc.<br>Santa Rosa Resources Corp.<br>Metron Capital Corp.<br>Navy Resources Corp.<br>ZTR Acquisitions Corp.<br>Kal Minerals Corp. | TSX-V<br>TSX-V<br>TSX-V<br>TSX-V<br>TSX-V<br>CSE |
| Gregory Galanis | N/A  | N/A  |
| Paul Kania      | Tantalex Resources Corp.   | CSE  |

### *Nomination, Assessment, Orientation and Continuing Education*

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the President and Chief Executive Officer. The Board monitors but does not formally assess the performance of individual Board members or committee members or their contributions.

The Board does not, at present, have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. Based on the Company's size, its stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time. The Board plans to continue evaluating its own effectiveness on an ad hoc basis. The current size of the Board is such that the entire Board takes responsibility for selecting new directors and assessing current directors. Proposed directors' credentials are reviewed in advance of a Board meeting with one or more members of the Board prior to the proposed director's nomination.

New directors are briefed on strategic plans, short, medium and long-term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing company policies. However, there is no formal orientation for new members of the Board, and this is considered to be appropriate, given the Company's size and current limited operations.

The skills and knowledge of the Board of Directors as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies in the natural resource sector. Board members are encouraged to communicate with management, auditor and technical consultants to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. Board members have full access to the Company's records. Reference is made to the table under the heading "*Election of Directors*" in the Information Circular for a description of the current principal occupations of the Company's Board.

### *Ethical Business Conduct*

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives. To date, the Board has not adopted a formal written Code of Business Conduct and Ethics. However, the current limited size of the Company's operations and the small number of officers and employees allow the independent members of the Board to monitor on an ongoing basis the activities of management and to ensure that the highest standard of ethical conduct is maintained. As the Company grows in size and scope, the Board anticipates that it will formulate and implement a formal Code of Business Conduct and Ethics.

