



# **WestBond Enterprises Corporation**

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## **INFORMATION CIRCULAR**

(As at August 2, 2018, except as indicated)

WestBond Enterprises Corporation (the "**Company**") is providing this Information Circular and a form of proxy in connection with management's solicitation of proxies for use at the annual general meeting (the "**Meeting**") of the Company to be held on Thursday, September 6, 2018 and at any adjournments. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation.

The Company is not sending this Information Circular to registered or beneficial shareholders using "notice-and-access" as defined under NI 54-101 ("**NI 54-101**").

### **APPOINTMENT OF PROXYHOLDER**

The purpose of a proxy is to designate persons who will vote the proxy on a shareholder's behalf in accordance with the instructions given by the shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or directors of the Company (the "**Management Proxyholders**").

**A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.**

### **VOTING BY PROXY**

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting.** Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly.

**If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.**

**The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting. At the**

date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

## COMPLETION AND RETURN OF PROXY

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

## NON-REGISTERED HOLDERS

**Only shareholders whose names appear on the records of the Company as the registered holders of shares 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 instead registered in the name of a nominee such as a brokerage firm through which they purchased the shares; bank, trust company, trustee or administrator of self-administered RRSP's, RRIF's, RESP's and similar plans; or clearing agency such as The Canadian Depository for Securities Limited (a "Nominee"). If you purchased your shares through a broker, you are likely a non-registered holder. Non-registered holders who have not objected to their Nominee disclosing certain ownership information about themselves to the Company are referred to as "non-objecting beneficial owners ("NOBOs"). Those non-registered holders who have objected to their Nominee disclosing ownership information about themselves to the Company are referred to as "objecting beneficial owners" ("OBOs").

In accordance with securities regulatory requirements, the Company has distributed copies of the Meeting materials, being the Notice of Meeting, this Information Circular and the Proxy, to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your shares are voted at the Meeting. The Company does not intend to pay for Nominees to deliver the meeting materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* to OBOs. As a result, OBOs will not receive the meeting materials unless their Nominee assumes the costs of delivery.

If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

The Company is sending meeting materials directly to NOBOs. If the Company or its agent has sent these materials directly to you (instead of through a Nominee), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Nominee holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

## REVOCABILITY OF PROXY

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a registered shareholder, his attorney authorized in writing or, if the registered shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting. **Only registered shareholders have the right to revoke a proxy. Non-registered holders who wish to change their vote must, at least 7 days before the Meeting, arrange for their Nominees to revoke the proxy on their behalf.**

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares without par value (the "Shares"), of which 33,665,800 Shares are issued and outstanding. Persons who are registered shareholders at the close of business on August 2, 2018 will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held. The Company has only one class of shares.

To the knowledge of the Directors and executive officers of the Company, no person beneficially owns, controls or directs, directly or indirectly, Shares carrying 10% or more of the voting rights attached to all Shares of the Company, except the following:

| <i>Name</i>        | <i>No. of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly</i> | <i>Percentage of Outstanding Shares</i> |
|--------------------|-----------------------------------------------------------------------------------------|-----------------------------------------|
| Gennaro Magistrale | 7,440,524 common shares                                                                 | 22.1%                                   |
| Mario Grech        | 6,463,500 common shares                                                                 | 19.2%                                   |

## ELECTION OF DIRECTORS

The Directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Shareholder approval will be sought to confirm the number of directors of the Company at five (5).

The Company is required to have an audit committee. Members of the audit committee are as set out below.

Management of the Company proposes to nominate each of the following persons for election as a Director. Information concerning such persons, as furnished by the individual nominees, is as follows:

| <i>Name, Jurisdiction of Residence and Position</i>                                                                 | <i>Principal Occupation or employment and, if not a previously elected Director, occupation during the past 5 years</i> | <i>Previous Service as a Director</i> | <i>Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly<sup>(1)</sup></i> |
|---------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|---------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| <b>Gennaro Magistrale</b><br>British Columbia, Canada<br><i>President, Chief Executive Officer and Director</i>     | President of the Company                                                                                                | Since October 24, 1989                | 7,440,524 common shares                                                                                         |
| <b>Owen Granger</b><br>British Columbia, Canada<br><i>Chief Financial Officer, Secretary/Treasurer and Director</i> | Chartered Professional Accountant, Certified Management Accountant; Chief Financial Officer of the Company              | Since November 8, 1989                | 2,566,450 common shares                                                                                         |
| <b>J. Douglas Seppala</b> <sup>(2)(3)(4)</sup><br>British Columbia, Canada<br><i>Director</i>                       | Lawyer, DuMoulin Black LLP (a law firm)                                                                                 | Since October 17, 1996                | 407,485 common shares                                                                                           |
| <b>D. Dan Dawson</b> <sup>(2)(3)(4)</sup><br>British Columbia, Canada<br><i>Director</i>                            | President, Dawson Group of Companies (residential developers)                                                           | Since May 6, 2003                     | Nil                                                                                                             |
| <b>Peter R. Toigo</b> <sup>(2)(3)(4)</sup><br>British Columbia, Canada<br><i>Director</i>                           | Managing Director, Shato Holdings Ltd. (real estate developers and restaurateurs)                                       | Since June 19, 2013                   | Nil                                                                                                             |

(1) Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at August 2, 2018, based upon information furnished to the Company by individual directors.

(2) Member of the audit committee.

(3) Member of the compensation committee.

(4) Member of the corporate governance committee.

No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the Company acting solely in such capacity.

Except as set out below, to the knowledge of the Company, no proposed director:

- (a) is, as at the date of the Information Circular, or has been, within 10 years before the date of the Information Circular, a director, chief executive officer ("CEO") or chief financial officer ("CFO") of any company (including the Company) that:
  - (i) was the subject, while the proposed director was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar 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; or
  - (ii) was subject to a cease trade or similar 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, that was issued after the proposed director ceased to be a director, CEO or CFO but which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO or CFO of such company; or

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

## **DIRECTOR AND EXECUTIVE OFFICER COMPENSATION**

### **Compensation Discussion and Analysis**

The primary goal of the Company's executive compensation program is to attract and retain the key executives necessary for the Company's long term success, to encourage executives to further the development of the Company and its operations, and to motivate top quality and experienced executives and to build shareholder value. The key elements of the executive compensation program are: (i) base salary; (ii) annual incentive award; and (iii) incentive stock options. The board of directors of the Company (the "Board") are of the view that all elements of the program should be considered based on the financial resources and circumstances of the Company in any given year and therefore do not ascribe particular weight to any single element. As such, the Company determines the amount to be paid for each element of compensation based on a subjective decision, rather than objective, identifiable measures.

The Compensation Committee as well as the Board as a whole monitor and determine executive compensation as well as compensation of directors. Compensation paid to directors and management is based on the objectives set forth above balanced against the need to preserve available cash for operations. In determining compensation the Compensation Committee has regard for the need to provide fair and competitive compensation; to balance the interests of management and the Company's shareholders; and to reward performance, both on an individual basis and with respect to operations in general. Except for a non-discretionary bonus of 1% of sales payable to the Chief Executive Officer, none of the compensation is tied to performance criteria other than the overall performance of the Company. Compensation is reviewed annually by the Compensation Committee.

The Board has not undertaken a formal analysis of the implications of the risks associated with the Company's compensation policies and practices.

The Company has not adopted a formal policy forbidding directors or officers from purchasing 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 directors or officers; however, the Company is not aware of any directors or officers having entered into this type of transaction.

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

The Company does not grant share-based awards.

The Company has a "rolling" stock option plan (the "**Plan**") for the granting of incentive stock options to the officers, employees and directors. The purpose of the Plan is to allow the Company to grant options to directors, senior officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of the Company. The granting of such options is intended to align the interests of such persons with that of the shareholders.

Options will be exercisable over periods of up to ten years as determined by the Board of Directors of the Company and are required to have an exercise price no less than the closing market price of the Company's Shares prevailing on the day that the option is granted less a discount of up to 25%, the amount of the discount varying with the market price in accordance with the policies of the TSX Venture Exchange (the "**TSXV**").

The Plan authorizes the Board to grant, in its absolute discretion, stock options to directors, officers, employees or consultants on such terms, limitations, conditions and restrictions as it deems necessary and advisable.

Additional material terms of the Stock Option Plan are as follows:

- (a) The number of Shares reserved for issuance under the Plan (including those issuable under pre-existing options) shall not exceed 10% of the issued and outstanding Shares, on a non-diluted basis, on the grant date;
- (b) The number of Shares which may be reserved for issuance to any individual may not exceed 5% of the issued Shares (without disinterested shareholder approval), 2% to any consultant, 2% for all optionees engaged in investor relations, or 10% to insiders as a group;
- (c) Options are non-assignable and non-transferable (subject to options being exercisable by the optionee's heirs or administrator).
- (d) Unless otherwise determined by the directors, all options shall immediately vest, other than options granted to optionees performing investor relations activities, which options must vest in stages over 12 months with no more than one-quarter vesting in any three month period;
- (e) On the death or disability of an option holder, all vested options will expire at the earlier of one year after the date of death or disability and the expiry date of such options. Where an optionee is terminated for cause, any outstanding options (whether vested or unvested) are cancelled as of the date of termination. If an optionee retires or voluntarily resigns or is otherwise terminated by the Company other than for cause, then all vested options held by such optionee will expire at the earlier of: (i) the expiry date of such options and (ii) the date which is 90 days (30 days if the

optionee was engaged in investor relations activities) after the optionee ceases to be an eligible person under the Plan. The Board of Directors may, in its sole discretion if it determines such is in the best interests of the Company, extend this 90 day termination date to a later date within a reasonable period not exceeding one year;

- (f) If, pursuant to the operation of the adjustment provisions in the Plan, an optionee receives options to purchase securities of another company (the "**New Company**") in respect of the optionee's options (the "**Subject Options**"), such new options shall expire on the earlier of: (i) the expiry date of the Subject Options; (ii) if the optionee does not become an eligible person in respect of the New Company, the date that the Subject Options expire pursuant to the applicable provisions of the Plan relating to expiration of options in cases of death, disability or termination of employment discussed in the preceding paragraph above (the "**Termination Provisions**"); (iii) if the optionee becomes an eligible person in respect of the New Company, the date that such new options expire pursuant to the terms of the New Company's stock option plan that correspond to the Termination Provisions; and (iv) the date that is one year after the optionee ceases to be an eligible person in respect of the New Company or such shorter period as determined by the Board of Directors;
- (g) In accordance with good corporate governance practices and as recommended by National Policy 51-201 *Disclosure Standards*, the Company may impose black-out periods restricting the trading of its securities by directors, officers, employees and consultants during periods surrounding the release of annual and interim financial statements and at other times when deemed necessary by management and the Board of Directors. In order to ensure that optionees are not prejudiced by the imposition of such black-out periods, the Plan includes a provision (the "**Black-Out Provision**") to the effect that any outstanding stock options with an expiry date that falls during a management imposed black-out period or within five trading days thereafter will be automatically extended to a date that is ten trading days following the end of the black-out period;
- (h) If a change of control (as defined therein) occurs, or if the Company is subject to a take-over bid, all Shares subject to stock options shall immediately become vested and may thereupon be exercised in whole or in part by the option holder. The Board of Directors of the Company may also accelerate the expiry date of outstanding stock options in connection with a take-over bid; and
- (i) Certain adjustment provisions apply with respect to outstanding options in cases of share reorganizations, special distributions and other corporation reorganizations including a consolidation, merger, amalgamation, an arrangement or other transaction under which the business or assets of the Company become, collectively, the business and assets of two or more companies with the same shareholder group upon the distribution to the Company's shareholders, or the exchange with the Company's shareholders, of securities of the Company or securities of another company, or a transaction whereby all or substantially all of the Company's undertaking and assets become the property of another corporation.

The Plan was approved by the shareholders on September 1, 2015 and is subject to approval by the shareholders at each subsequent annual general meeting.

## Summary Compensation Table

The following table (presented in accordance with National Instrument Form 51-102F6V *Statement of Executive Compensation – Venture Issuers* (the "**Form 51-102F6V**")) sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company, or a subsidiary of the Company, to each Named Executive Officer (defined below) and director, in any capacity to the Company for the two most recently completed financial years of the Company ended on March 31, 2018 and 2017. The information is provided for each of the individuals comprised of the Chief Executive Officer and the Chief Financial Officer who acted in such capacity for all or any portion of the most recently completed financial year, and the most highly compensated executive officer, or the most highly compensated individual acting in a similar capacity, (other than the Chief Executive Officer and the Chief Financial Officer), as at March 31, 2018 whose total compensation was more than \$150,000 for the financial year and any individual who would be a named executive officer but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of the most recently completed financial year (collectively the "**Named Executive Officers**" or "**NEOs**"), and for each director of the Company:

| Table of compensation excluding compensation securities |      |                                                     |                       |                                |                           |                                      |                         |
|---------------------------------------------------------|------|-----------------------------------------------------|-----------------------|--------------------------------|---------------------------|--------------------------------------|-------------------------|
| Name and position                                       | Year | Salary, consulting fee, retainer or commission (\$) | Bonus (\$)            | Committee or meeting fees (\$) | Value of perquisites (\$) | Value of all other compensation (\$) | Total compensation (\$) |
| Gennaro Magistrale<br>Director and CEO                  | 2018 | 113,418                                             | 99,290 <sup>(1)</sup> | nil                            | 26,625 <sup>(2)</sup>     | 5,000 <sup>(3)</sup>                 | 244,333 <sup>(6)</sup>  |
|                                                         | 2017 | 113,828                                             | 90,694 <sup>(1)</sup> | nil                            | 27,778 <sup>(2)</sup>     | nil                                  | 232,300 <sup>(6)</sup>  |
| Owen Granger<br>Director and CFO                        | 2018 | 88,692                                              | 1,000 <sup>(4)</sup>  | nil                            | nil                       | 20,000 <sup>(3)</sup>                | 109,692 <sup>(6)</sup>  |
|                                                         | 2017 | 89,012                                              | 1,000 <sup>(4)</sup>  | nil                            | nil                       | nil                                  | 90,012 <sup>(6)</sup>   |
| J. Douglas Seppala<br>Director                          | 2018 | 7,370 <sup>(5)</sup>                                | nil                   | nil                            | nil                       | nil                                  | 7,370                   |
|                                                         | 2017 | 11,714 <sup>(5)</sup>                               | nil                   | nil                            | nil                       | nil                                  | 11,714                  |
| Dan Dawson<br>Director                                  | 2018 | nil                                                 | nil                   | nil                            | nil                       | nil                                  | nil                     |
|                                                         | 2017 | nil                                                 | nil                   | nil                            | nil                       | nil                                  | nil                     |
| Peter Toigo<br>Director                                 | 2018 | nil                                                 | nil                   | nil                            | nil                       | nil                                  | nil                     |
|                                                         | 2017 | nil                                                 | nil                   | nil                            | nil                       | nil                                  | nil                     |
| Dave Mills<br>Director until<br>November 16, 2017       | 2018 | nil                                                 | nil                   | nil                            | nil                       | nil                                  | nil                     |
|                                                         | 2017 | nil                                                 | nil                   | nil                            | nil                       | nil                                  | nil                     |

- (1) The amount represents a bonus earned equal to 1% of sales plus a discretionary bonus of \$1,000.
- (2) The incremental cost to the Company is the amount reported for each of these perquisites, which is the total cost the Company incurs in providing the perquisite. The type and amount of each perquisite, the value of which exceeds 25% of the total value of perquisites reported for Gennaro Magistrale for the most recently completed financial year, are as follows: a car allowance: \$21,870 (2017 – \$23,280); and use of golf club membership: \$4,755 (2017 – \$4,498).
- (3) The amount represents vacation pay in lieu of vacation taken.
- (4) The amount represents a discretionary bonus paid.
- (5) Paid for legal services from DuMoulin Black LLP, a law firm in which J. Douglas Seppala is a partner.
- (6) All of Mr. Magistrale's and Mr. Granger's compensation is received in their capacities as CEO and CFO, respectively.

## Stock Options and Other Compensation Securities

No compensation securities were granted or issued to the directors and named executive officers by the Company or its subsidiaries in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the Company or its subsidiary. The following table shows the stock options held by each director and named executive officer on March 31, 2018, the last day of the most recently completed fiscal year.

| Compensation Securities<br>Stock Options Granted |                                                                                             |               |                     |                                                            |                                                       |             |
|--------------------------------------------------|---------------------------------------------------------------------------------------------|---------------|---------------------|------------------------------------------------------------|-------------------------------------------------------|-------------|
| Name and position                                | Number of common shares optioned and percentage of outstanding common shares <sup>(1)</sup> | Date of grant | Exercise price (\$) | Closing price of underlying security on date of grant (\$) | Closing price of underlying security at year end (\$) | Expiry date |
| Gennaro Magistrale<br>Director and CEO           | 675,000<br>2.0%                                                                             | Dec 3, 2014   | \$0.09              | \$0.09                                                     | \$0.095                                               | Dec 3, 2019 |
| Owen Granger<br>Director and CFO                 | 475,000<br>1.4%                                                                             | Dec 3, 2014   | \$0.09              | \$0.09                                                     | \$0.095                                               | Dec 3, 2019 |
| J. Douglas Seppala<br>Director                   | 250,000<br>0.7%                                                                             | Dec 3, 2014   | \$0.09              | \$0.09                                                     | \$0.095                                               | Dec 3, 2019 |
| Dan Dawson<br>Director                           | 150,000<br>0.4%                                                                             | Dec 3, 2014   | \$0.09              | \$0.09                                                     | \$0.095                                               | Dec 3, 2019 |
| Peter Toigo<br>Director                          | 150,000<br>0.4%                                                                             | Dec 3, 2014   | \$0.09              | \$0.09                                                     | \$0.095                                               | Dec 3, 2019 |

(1) All stock options vested on the date of grant and were outstanding at March 31, 2018.

No stock options were exercised by any director or NEO during the most recently completed financial year.

## Pension Plan Benefits

The Company does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

## Termination and Change of Control Benefits

Gennaro Magistrale has an employment contract (the "**Contract**") with the Company's subsidiary, WestBond Industries Inc. ("**WestBond Industries**"). The Contract provides Mr. Magistrale a regular salary plus bonus and other benefits, all as determined by the board of directors of WestBond Industries, and allows Mr. Magistrale 25 vacation days per year. The Contract also provides that in the event WestBond Industries terminates his employment, for just cause or otherwise, Mr. Magistrale will be paid a severance allowance of not less than two months' salary and benefits for each twelve months or part thereof that he has been employed under the Contract. Mr. Magistrale has been employed by WestBond Industries since August 1988. In order to terminate the Contract and the employment of Mr. Magistrale thereunder, WestBond Industries must give notice of not less than four months before the effective date of termination.

Under the terms of his Contract the estimated incremental payment to which Mr. Magistrale will be entitled in such event is approximately \$768,000 (calculated as at March 31, 2018) based upon an amount equal to 62 months' salary and benefits.

Other than the Contract, there are no agreements or arrangements under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the Company or its subsidiaries that were performed by a director or a NEO, or performed by any other party but are services typically provided by a director or a NEO.

### Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth the Company's compensation plans under which equity securities are authorized for issuance as at the end of the most recently completed financial year.

| <i>Plan Category</i>                                             | <i>Number of securities to be issued upon exercise of outstanding options, warrants and rights</i><br><i>(a)</i> | <i>Weighted-average exercise price of outstanding options, warrants and rights</i><br><i>(b)</i> | <i>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</i><br><i>(c)</i> |
|------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Equity compensation plans approved by securityholders</i>     | 1,850,000                                                                                                        | \$0.09                                                                                           | 1,516,580                                                                                                                                                        |
| <i>Equity compensation plans not approved by securityholders</i> | Nil                                                                                                              | Nil                                                                                              | Nil                                                                                                                                                              |
| <b><i>Total</i></b>                                              | <b><i>1,850,000</i></b>                                                                                          | <b><i>\$0.09</i></b>                                                                             | <b><i>1,516,580</i></b>                                                                                                                                          |

The Company's Plan is the only compensation plan under which equity securities are authorized for issuance.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at August 2, 2018, there was no indebtedness outstanding of any current or former Director, executive officer or employee of the Company or its subsidiaries which is owing to the Company or its subsidiaries, or, which is owing to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries, entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time during the most recently completed financial year was, a Director or executive officer of the Company, no proposed nominee for election as a Director of the Company and no associate of such persons:

- (i) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or its subsidiaries; or
- (ii) is indebted to another entity, which indebtedness is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement,

letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries,

in relation to a securities purchase program or other program.

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

Except as set out herein, no person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year, no proposed nominee of management of the Company for election as a director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

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

No informed person or proposed director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company or its subsidiaries.

### **APPOINTMENT OF AUDITORS**

PricewaterhouseCoopers LLP, Chartered Professional Accountants, of 250 Howe Street, Suite 700, Vancouver, British Columbia are the auditors of the Company. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the re-appointment of PricewaterhouseCoopers LLP as the auditors of the Company to hold office for the ensuing year at a remuneration to be fixed by the Directors.

### **MANAGEMENT CONTRACTS**

No management functions of the Company or its subsidiary are performed to any substantial degree by a person other than the Directors or executive officers of the Company or its subsidiary.

### **AUDIT COMMITTEE**

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

The Audit Committee is a committee of the Board to which the Board delegates its responsibilities for the oversight of the accounting and financial reporting process and financial statement audits.

The Audit Committee will:

- (a) review and report to the Board on the following before they are published:
  - (i) the financial statements and MD&A (management discussion and analysis) (as defined in National Instrument 51-102) of the Company;
  - (ii) the auditors' report, if any, prepared in relation to those financial statements,

- (b) review the Company's annual and interim earnings press releases before the Company publicly discloses this information,
- (c) satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures,
- (d) recommend to the Board:
  - (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
  - (ii) the compensation of the external auditor,
- (e) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting,
- (f) monitor, evaluate and report to the Board on the integrity of the financial reporting process and the system of internal controls that management and the Board have established,
- (g) monitor the management of the principal risks that could impact the financial reporting of the Company,
- (h) establish procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
  - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters,
- (i) pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor,
- (j) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company, and
- (k) with respect to ensuring the integrity of disclosure controls and internal controls over financial reporting, understand the process utilized by the Chief Executive Officer and the Chief Financial Officer to comply with National Instrument 52-109.

The Audit Committee will be composed of at least 3 directors from the Company's Board, a majority of whom will be independent. Independence of the Board members will be as defined by applicable legislation and as a minimum each committee member will have no direct or indirect relationship with the company which, in the view of the Board, could reasonably interfere with the exercise of a member's independent judgment.

All members of the Audit Committee will be financially literate as defined by applicable legislation. If, upon appointment, a member of the Audit Committee is not financially literate as required, the person will be provided a three month period in which to achieve the required level of literacy.

The Audit Committee has the authority to engage independent counsel and other advisors as it deems necessary to carry out its duties and the Audit Committee will set the compensation for such advisors.

The Audit Committee has the authority to communicate directly with and to meet with the external auditors and the internal auditor, without management involvement. This extends to requiring the external auditor to report directly to the Audit Committee.

The reporting obligations of the Audit Committee will include:

1. reporting to the Board on the proceedings of each committee meeting and on the Audit Committee's recommendations at the next regularly scheduled directors meeting; and
2. reviewing, and reporting to the Board on its concurrence with, the disclosure required by Form 51-102F5 in any management information circular prepared by the Company.

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

The following are the members of the Committee:

|                    |                              |                                   |
|--------------------|------------------------------|-----------------------------------|
| J. Douglas Seppala | Not Independent <sup>①</sup> | Financially literate <sup>①</sup> |
| D. Dan Dawson      | Independent <sup>①</sup>     | Financially literate <sup>①</sup> |
| Peter Toigo        | Independent <sup>①</sup>     | Financially literate <sup>①</sup> |

<sup>①</sup> As defined by National Instrument 52-110 ("NI 52-110").

### **Relevant Education and Experience**

The education background or experience of the following Audit Committee members has enabled each to perform his responsibilities as Audit Committee member and has provided the member with an understanding of the accounting principles used by the Company to prepare its financial statements, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves as well as experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities and an understanding of internal controls and procedures for financial reporting:

#### *J. Douglas Seppala*

Mr. Seppala holds a B.Comm. and LL.B. from the University of British Columbia and has practiced in the field of corporate and securities law for over 30 years. Mr. Seppala has acquired a good understanding of the accounting principles used to prepare financial statements, in general, resulting from his legal practice, as well as his experience acquired as a member of the Audit Committee of another public company, Lifebank Corp. This experience allows him to understand the accounting principles used by the Company in preparing its financial statements and to evaluate, in general, the application of accounting principles as they relate to the accounting of the Company's estimates, accounts receivable, accounts payable and reserves. Moreover, Mr. Seppala has an understanding of the procedures regarding the disclosure of financial information.

#### *Dan Dawson*

Mr. Dawson holds a B.Comm. in Urban Land Economics from the University of British Columbia and has been the President of a group of commercial and residential property development companies for

over 25 years. This education and experience has allowed Mr. Dawson to acquire a good understanding of the accounting principles used to prepare financial statements in general and allows him to understand the accounting principles used by the Company in preparing its financial statements and to evaluate, in general, the application of accounting principles as they relate to the accounting of the Company's estimates, accounts receivable, accounts payable and reserves.

*Peter Toigo*

Mr. Toigo has been a Senior Executive Officer of Shato Holdings Ltd., a group of commercial property development and restaurant chain companies, for over 25 years. This experience has allowed Mr. Toigo to acquire a good understanding of the accounting principles used to prepare financial statements in general and allows him to understand the accounting principles used by the Company in preparing its financial statements and to evaluate, in general, the application of accounting principles as they relate to the accounting of the Company's estimates, accounts receivable, accounts payable and reserves.

**Audit Committee Oversight**

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

**Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), the exemption in subsection 6.1.1(4) (Circumstance Affecting the Business or Operations of the Venture Issuer), the exemption in subsection 6.1.1(5) (Events Outside Control of Member), the exemption in subsection 6.1.1(6) (Death, Incapacity or Resignation), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

**Pre-Approval Policies and Procedures**

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors".

**External Auditors Service Fees (By Category)**

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

| <i>Financial Year Ending</i> | <i>Audit Fees</i> | <i>Audit Related Fees</i> | <i>Tax Fees</i> | <i>All Other Fees</i> |
|------------------------------|-------------------|---------------------------|-----------------|-----------------------|
| March 31, 2018               | \$42,121          | \$1,736 <sup>(1)</sup>    | Nil             | Nil                   |
| March 31, 2017               | \$45,675          | Nil                       | Nil             | Nil                   |

(1) Canadian Public Accountability Board fees.

### **Exemption in Section 6.1 of NI 52-110**

The Company is relying on the exemption in Section 6.1 of NI 52-110 from the requirement of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations).

### **CORPORATE GOVERNANCE DISCLOSURE**

National Policy 58-201 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 mandates disclosure of corporate governance practices which disclosure is set out below.

#### **Independence of Members of Board**

The Company's Board consists of five (5) directors, two (2) of whom are independent based upon the tests for independence set forth in NI 52-110. D. Dan Dawson and Peter R. Toigo are independent. Gennaro Magistrale is not independent as he is the President and CEO of the Company, Owen Granger is not independent as he is the CFO, Corporate Secretary and Treasurer of the Company and J. Douglas Seppala is not independent as he is a partner of the law firm, DuMoulin Black LLP, which provides legal services to the Company.

#### **Management Supervision by Board**

The operations of the Company do not support a large board of directors. The Directors have determined that the constitution of the Board is appropriate for the Company's current stage of development. Independent supervision of management is accomplished through choosing management who demonstrate a high level of integrity and ability and having strong independent Board members. The independent directors have always been able, and will in future continue to be able, to meet at any time without any members of management, including the non-independent directors, being present. Since the beginning of the Company's most recently completed financial year, the independent directors have not held any meetings without the presence of the non-independent directors. Further supervision is performed through the Audit Committee which is composed of non-management directors who meet with the Company's auditors without management being in attendance. The non-management directors normally exercise their responsibilities for independent oversight of management through their majority control of the Board. The Board may appoint a lead director to direct Board operations but has chosen not to do so.

#### **Orientation and Continuing Education**

While the Company does not have formal orientation and training programs, new members of its Board are provided with:

1. information respecting the functioning of the Board, committees and copies of the Company's corporate governance policies;
2. access to recent, publicly filed documents of the Company, and the Company's internal financial information;

3. access to management; and
4. a summary of significant corporate and securities responsibilities.

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

### **Ethical Business Conduct**

The Board views good corporate governance as an integral component to the success of the Company and to meet responsibilities to shareholders. The Company has adopted a formal code of business conduct and ethics.

The Board requires that directors and executive officers who have an interest in a transaction or agreement with the Company promptly disclose that interest at any meeting of the Board at which the transaction or agreement will be discussed and abstain from discussions and voting in respect to same if the interest is material or if required to do so by corporate or securities law.

### **Nomination of Directors**

The Board has responsibility for identifying potential board candidates. The Board assesses potential candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the paper product manufacturing and converting industry are consulted for possible candidates.

### **Compensation**

The Members of the Compensation Committee are J. Douglas Seppala, D. Dan Dawson and Peter Toigo of whom D. Dan Dawson and Peter Toigo are independent. The Compensation Committee together with the Board as a whole has responsibility for determining compensation for the Directors and senior management.

To determine compensation payable, the Compensation Committee reviews compensation paid to directors and CEOs of companies of similar size and stage of development in the industrial manufacturing sector and determines appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the Directors and senior management while taking into account the financial and other resources of the Company. In setting the compensation, the Compensation Committee annually reviews the performance of the CEO in light of the Company's objectives and considers other factors that may have impacted the success of the Company in achieving its objectives.

The Compensation Committee has the following responsibilities, powers and obligations:

1. consider issues of compensation for the senior level management and assist the Board in reviewing and approving corporate goals and objectives relevant to such management's compensation and evaluating on an annual basis the management's performance based on such corporate goals and objectives;

2. review executive compensation disclosure before it is publicly disclosed; and
3. review and make recommendations to the Board with respect to the Company's stock option policies and plans and stock option grants to the Directors, officers, employees and consultants of the Company.

### **Other Board Committees**

In addition to the Audit and Compensation Committees, the Company has a Corporate Governance Committee which monitors corporate governance compliance and sets corporate governance policy.

The Corporate Governance Committee has the following responsibilities, powers and operations:

- (a) review practices and legislation – review, from the point of view of the best interests of the Company and its shareholders, the current practices and procedures of the Company, the applicable legislation and other materials, including:
  - (i) review the present practices and procedures of the Company;
  - (ii) review the corporate governance guidelines and requirements under applicable securities legislation and such other materials as it considers relevant and to make recommendations to the Board with respect to developing a mandate for the Board, establishing corporate governance practices and procedures, including further committees and committee mandates; and
  - (iii) formulating a Code of Conduct and appropriate policies to ensure the Company has addressed its obligations and responsibilities in this area;
- (b) consider needs, resources, functionality and risks – identify the areas of risk and conflict in the Company's practices and procedures, assess the needs and resources of the Company in respect of adopting various practices and procedures and consider the appropriate committees, committee mandates and composition with a view to ensuring that committees may function in a manner that achieves the objective of good and appropriate corporate governance for the Company;
- (c) provide recommendations – make recommendations to the Board with respect to Board size and composition, board compensation, a mandate of the Board, the appropriate Corporate Governance committees, committee mandates and committee composition (including with respect to the Corporate Governance Committee itself), and formulating a Code of Conduct and appropriate policies and the reasoning behind such recommendations;
- (d) other advisors – engage such other professional advisors, such as legal counsel and accounting advisors, as the Corporate Governance Committee may determine are reasonably necessary or advisable to fulfill its mandate, and the Company shall be responsible for the expenses incurred by the Corporate Governance Committee with respect to such advisors;
- (e) other actions – take such other actions as the Corporate Governance Committee shall determine are necessary or advisable to permit it to formulate appropriate recommendations to the Board with respect to Corporate Governance matters, including procedures that may be necessary to allow the Board to function independently of management; and

- (f) oversee process and disclosure – oversee and assist with:
  - (i) the implementation of the mandates, policies, practices and procedures approved by the Board and compliance with applicable corporate and securities requirements,
  - (ii) monitor, on an ongoing basis, the effectiveness of the Company’s mandates, policies, practices and procedures; and
  - (iii) the preparation of all necessary or appropriate disclosure in respect of Corporate Governance matters.

### **Board Committees**

At this time, the Board has three standing committees.

The following are the members of the audit committee:

J. Douglas Seppala  
D. Dan Dawson  
Peter Toigo

The following are the members of the corporate governance committee:

J. Douglas Seppala  
D. Dan Dawson  
Peter Toigo

The following are the members of the compensation committee:

J. Douglas Seppala  
D. Dan Dawson  
Peter Toigo

### **Assessments**

The Board annually, and at such other times as it deems appropriate, reviews the performance and effectiveness of the Board, the directors and its committees to determine whether changes in size, personnel or responsibilities are warranted. To assist in its review, the Board may conduct informal surveys of its directors, and reports from the audit committee respecting its own effectiveness. As part of the assessments, the Board or the individual committee may review their respective mandate or charter and conduct reviews of applicable corporate policies.

The Board does not consider that formal assessments would be useful at this stage of the Company's development. The Board conducts informal annual assessments of the board of director's effectiveness, the individual directors and each of its committees. As part of the assessments, the Board or the individual committee may review their respective mandate or charter and conduct reviews of applicable corporate policies.

### **Nomination and Assessment**

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. The Board monitors but does not

formally assess the performance of individual Board members or committee members or their contributions.

### **Expectations of Management**

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.

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

#### **Re-Approval of 10% Rolling Stock Option Plan**

Under the policies of the TSXV, a "rolling" stock option plan must be re-approved and ratified by shareholders on an annual basis. A description of the material terms of the Plan is provided above under the heading "**Share-Based and Option-based Awards**". Further details with regard to stock options in relation to the NEOs for the two most recently completed financial years is provided under the heading "**Stock Options and Other Compensation Securities**".

The full text of the Plan is available for viewing up to the date of Meeting at the Company's offices at Unit 101, 7403 Progress Way, Delta, British Columbia, V4G 1E7.

The shareholders will be asked to pass an ordinary resolution re-approving the Plan. All shareholders present at the Meeting, whether in person or by proxy, will be entitled to vote on the following resolution:

#### **"BE IT RESOLVED THAT:**

1. the Company approve and ratify, subject to regulatory approval, the stock option plan pursuant to which the directors, may from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company and its subsidiaries to a maximum of 10% of the issued and outstanding common shares of the Company at the time of the grant; and
2. any one officer or director of the Company is hereby authorized to execute and deliver all such documents and do all such acts and things as may be deemed advisable in such individual's discretion for the purpose of giving effect to this resolution."

The Board of Directors of the Company believes the re-approval of the Plan as described above is in the best interests of the Company and recommends that shareholders vote in favour of the ordinary resolution re-approving the Plan. **Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote for the approval of the Plan.**

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at (604) 940-3939 to request copies of the Company's financial statements and MD&A.

Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year which are filed on SEDAR.

**OTHER MATTERS**

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the Shares represented thereby in accordance with their best judgment on such matter.

DATED this 2<sup>nd</sup> day of August, 2018.

APPROVED BY THE BOARD OF DIRECTORS

*"Gennaro Magistrale"*

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**GENNARO MAGISTRALE**  
President and Chief Executive Officer