

# MONITOR VENTURES INC.

Suite 1703, 595 Burrard Street  
Vancouver, British Columbia V7X 1J1  
Telephone: 604-689-1428/ Fax: 604-681-4692

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the annual meeting (“**Meeting**”) of the holders (“**Shareholders**”) of common shares (“**Common Shares**”) of Monitor Ventures Inc. (the “**Corporation**”) will be held at the offices of the Corporation at Suite 1703, 595 Burrard Street, Vancouver, British Columbia on Friday, June 26, 2020 at 9:30 a.m. (Vancouver time) for the following purposes:

1. To receive and consider the audited consolidated financial statements of the Corporation for the financial year ended December 31, 2019, together with the auditor’s report thereon.
2. To set the number of directors of the Corporation to be elected at the Meeting at four. See “Election of Directors” in the Circular (as defined below).
3. To elect the board of directors of the Corporation to hold office until the next annual meeting of the Shareholders or until their successors are elected or appointed. See “Election of Directors” in the Circular.
4. To appoint Davidson & Company LLP, Chartered Professional Accountants, as auditor of the Corporation for the ensuing year and to authorize the board of directors of the Corporation to fix the auditor’s remuneration. See “Appointment of an Auditor” in the Circular.
5. To ratify the Corporation’s stock option plan. See “Stock Option Plan” and “Particulars of Matters to be Acted Upon – Continuation of Stock Option Plan” in the Circular.

All Shareholders are entitled to attend and vote at the Meeting in person or by proxy but only Shareholders of record at the close of business on May 13, 2020 will be entitled to vote at the Meeting. The board of directors requests that all Shareholders not attending the Meeting in person to read, date, sign and return the accompanying instrument of proxy (“**Proxy**”) or voting instruction form (“**VIF**”) in accordance with their instructions. Unregistered Shareholders must return their VIFs in accordance with the instructions given by their financial institution or other intermediary that sent it to them. Shareholders are reminded to review the management proxy circular dated May 13, 2020 prepared for the purposes of the Meeting (the “**Circular**”) before voting.

### Notice-and-Access

The details of all matters proposed to be put before Shareholders at the Meeting are set forth in the Circular.

The Corporation has decided to use the notice-and-access method for delivery of meeting materials to its registered and beneficial Shareholders. Under notice-and-access, Shareholders still receive a Proxy or VIF enabling them to vote at the Meeting, however, instead of a paper copy of the Circular, the Corporation’s annual financial statements for the year ended December 31, 2019 (“**Annual Financial Statements**”) and associated management’s discussion and analysis (“**Annual MD&A**”) and additional materials, Shareholders receive this notice with information on how they may access such materials electronically. The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and also will reduce the cost of printing and mailing materials to Shareholders. Shareholders with questions about notice-and-access can call the Corporation at 1-604-689-1428 (collect calls accepted).

These securityholder materials are being sent to both registered and non-registered owners of the Common Shares. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of Common Shares, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary 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.

### Websites Where Materials are Posted

The Circular, Annual Financial Statements, Annual MD&A and additional materials can be viewed online on the Corporation's pages on SEDAR at [www.sedar.com](http://www.sedar.com) and at [www.monitorventures.ca](http://www.monitorventures.ca).

### Obtaining Paper Copies of Materials

Shareholders may obtain paper copies of the meeting materials by postal delivery at no cost to them. Requests may be made up to one year from the date the Circular was filed on SEDAR by: (a) calling the Corporation at 1-604-689-1428 (collect calls accepted); (b) mailing a request to the Corporation, Suite 1703, 595 Burrard Street, Vancouver, British Columbia V7X 1J1, Canada, Attention: Corporate Secretary; or (c) sending a request by e-mail to [lee@earlston.ca](mailto:lee@earlston.ca). To receive the Circular, Annual Financial Statements and Annual MD&A in sufficient time to allow for review and return of the Proxy or VIF by the due date, a request for paper copies should be sent so that it is received by no later than the end of business on June 12, 2020.

### Conduct of the Meeting due to COVID 19

In light of ongoing concerns about the Coronavirus (COVID-19) outbreak, the Corporation encourages Shareholders not to attend the meeting in person but via teleconference using the following dial-in numbers:

DIAL-IN NUMBERS	CONFERENCE ID CODE
1.866.895.5510 (Toll Free North America)	6381465#
1.858.384.5500 (Outside of US and Canada)	6381465#

Since the COVID-19 pandemic is rapidly evolving, the Corporation will continue to monitor and review provincial and federal governmental guidance and may implement measures to reduce the risk of spreading the virus at the Meeting. The Corporation will provide updates in respect of the Meeting by way of news release, available on the Corporation's website at [www.monitorventures.ca](http://www.monitorventures.ca) or SEDAR profile at [www.sedar.com](http://www.sedar.com), where copies of such news releases, if any, will be posted.

To ensure as many Common Shares as possible are represented at the Meeting, Shareholders are encouraged to vote online or complete the enclosed Proxy and return it as soon as possible in the envelope provided for that purpose. Shareholders who do not hold their Common Shares in their own name are strongly encouraged to complete the voting instruction forms received from their broker as soon as possible and to follow the instructions set out under "Advice to Beneficial Shareholders" in the Circular.

In accordance with the by-laws of the Corporation, all proxies, to be valid, must be deposited with the Registrar and Transfer Agent of the Corporation, Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 Attention: Proxy Department, no later than 9:30 a.m. (Vancouver time) on June 24, 2020, or not less than 48 hours (excluding Saturdays and holidays) preceding any adjournment of the Meeting.

**DATED** this 13<sup>th</sup> day of May, 2020.

**BY ORDER OF THE BOARD OF DIRECTORS**

(Signed) *Bill Radvak*  
President and Chief Executive Officer

# MONITOR VENTURES INC.

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## MANAGEMENT PROXY CIRCULAR

containing information as at **May 13, 2020** unless otherwise noted

### GENERAL PROXY INFORMATION

#### Solicitation of Proxies by Management

This management proxy circular (the “**Circular**”) is furnished by management of Monitor Ventures Inc. (the “**Corporation**”) to holders (“**Shareholders**”) of common shares (“**Common Shares**”) of the Corporation in connection with the solicitation of proxies (“**Proxies**”) and voting instruction forms (“**VIFs**”) to be voted at the annual meeting of the Shareholders (the “**Meeting**”) to be held at the time and place and for the purposes set out in the notice of meeting (the “**Notice of Meeting**”). References in this Circular to the Meeting include any adjournment or adjournments thereof. It is expected that the solicitation will be primarily by mail, however, Proxies may also be solicited by officers, directors and regular employees of the Corporation by telephone, electronic mail, telecopier or personally. These individuals will receive no compensation for such solicitation other than their regular fees or salaries, if any. The cost of solicitation by management will be borne directly by the Corporation.

The board of directors of the Corporation (the “**Board**”) has fixed the close of business on Wednesday, May 13, 2020 as the date of record (the “**Record Date**”) for the determination of the registered holders of Common Shares entitled to receive notice of and vote at the Meeting.

The persons named in the Proxy and VIF are directors and/or officers of the Corporation (the “**Management Designees**”). As a Shareholder submitting a Proxy or VIF you have the right to appoint a person (who need not be a Shareholder) to represent you at the Meeting other than the person or persons designated in the Proxy or VIF. To exercise this right, you should insert the name of the desired representative in the blank space provided in the Proxy or VIF. The Proxy or VIF appointing a proxyholder must be in writing and must be executed by the Shareholder or its authorized in writing or, if the Shareholder is a company, under its corporate seal or by a duly authorized officer or attorney of the company. To be effective, the Proxy must be deposited at the office of the Corporation’s transfer agent,

Computershare Trust Company of Canada (“**Computershare**”)  
Attention: Proxy Department  
100 University Avenue, 8<sup>th</sup> Floor  
Toronto, Ontario, M5J 2Y1

while the VIF must be returned in accordance with its instructions, both not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in Vancouver, British Columbia) prior to the time set for the Meeting or any adjournment or adjournments thereof.

Shareholders of record on the share registry (“**Registered Shareholders**”) may also vote online at [www.investorvote.com](http://www.investorvote.com) or by completing, dating and signing the Proxy and returning it to Computershare by fax at 1-866-249-7775.

Failure to complete or deposit a Proxy properly may result in its invalidation. The time limit for the deposit of Proxies may be waived by the Board at its discretion without notice.

#### Cost and Manner of Solicitation

In accordance with National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators (“**NI-54-101**”), the Corporation has given notice of the Meeting in accordance with the “Notice and Access” procedures of NI 54-101, pursuant to which it has sent the Notice of Meeting

and the Proxy or VIF, but not this Circular, directly to its Registered Shareholders and those non-registered (beneficial) Shareholders that have consented to allow their addresses to be provided to the Corporation (“**NOBOs**”). Arrangements have been made to forward proxy solicitation materials to the NOBOs. **Instead of mailing this Circular to Shareholders, the Corporation has posted the Circular on its website at [www.monitorventures.ca](http://www.monitorventures.ca) pursuant to the ‘Notice and Access’ procedures of NI 54-101. Shareholders may request a paper copy of this Circular be sent to them by contacting the Corporation as set out under ‘Additional Information’ at the end of this Circular.**

The Corporation does not intend to pay for intermediaries such as stockbrokers, securities dealers, banks, trust companies, trustees and their agents and nominees (“**Intermediaries**”) to forward the Notice of Meeting and VIF to those Beneficial Shareholders (as defined below) that have refused to allow their address to be provided to the Corporation (“**OBOs**”). Accordingly, OBOs will not receive the Notice of Meeting and VIF unless their respective Intermediaries assume the cost of forwarding such documents to them.

While it is expected that the solicitation will be primarily by mail, Proxies may be solicited personally or by telephone, facsimile or electronically by the directors and regular employees of the Corporation or other proxy solicitation services. All costs of solicitation will be borne by the Corporation.

### **Advice to Beneficial Holders**

**The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name.** Shareholders who do not hold their Common Shares in their own name (“**Beneficial Shareholders**”) are advised that only Proxies from Registered Shareholders can be recognized and voted upon at the Meeting. If 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 the Shareholder’s name on the records of the Corporation. 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 Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity.

Existing regulatory policy requires brokers and other Intermediaries to seek voting instructions from Beneficial Shareholders in advance of Shareholder 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 to ensure their Common Shares are voted at the Meeting. The VIF supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the Proxy provided directly to 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 vast majority of brokers in Canada now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge prepares and mails a machine-readable VIF to Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet, 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 VIF from Broadridge cannot use that VIF to vote Common Shares directly at the Meeting. The VIF must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting to have the Common Shares voted. If a Shareholder has any questions respecting the voting of Common Shares held through a broker or other Intermediary, please contact that broker or other Intermediary for assistance.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his 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 VIF 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 Circular and the Proxy and Notice of Meeting are to Registered Shareholders, unless specifically stated otherwise.

### **Revocability of Proxies**

In addition to revocation in any other manner permitted by law, a Registered Shareholder who has given a Proxy may revoke it by:

- (a) executing a Proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Registered Shareholder or the Registered Shareholder's authorized attorney in writing, or, if the Registered Shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the Proxy bearing a later date to Computershare, at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or
- (b) personally attending the Meeting and voting the Registered Shareholder's Common Shares.

A revocation of a Proxy will not affect a matter on which a vote is taken before the revocation.

### **Exercise of Discretion by Proxy**

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with a Shareholder's instructions on any ballot that may be called for. If a Shareholder's specifies a choice with respect to any matter to be acted upon, a Shareholder's Common Shares will be voted accordingly. The Proxy confers discretionary authority on persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors; and
- (b) any amendment to or variation of any matter identified therein.

**In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.**

At the time of printing of this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

### **Voting Securities**

The Corporation's authorized share structure consists of an unlimited number of Common Shares. As at the Record Date, the Corporation has issued and outstanding 2,930,058 fully paid and non-assessable Common Shares, each Common Share carrying the right to one vote.

In accordance with the provisions of the *Canada Business Corporations Act* (the "**CBCA**"), the Corporation will prepare or cause to be prepared a list of the Shareholders recorded as holders of Common Shares on its register of Shareholders as of the close of business on the Record Date, each of whom shall be entitled to vote the Common Shares shown opposite their name on the list at the Meeting or any adjournment or postponement thereof, except to the extent that: (a) any such Shareholder has transferred ownership of any of their Common Shares subsequent to the Record Date; and (b) the transferee produces properly endorsed share certificates evidencing the transfer or otherwise establishes that the transferee owns the transferred Common Shares and demands, not later than 10 days before the Meeting, that they be included on the list of Shareholders entitled to vote at the Meeting, in which case the transferee will be entitled to vote the transferred Common Shares at the Meeting or any adjournment thereof.

## Principal Holders

To the knowledge of the directors and executive officers of the Corporation, as at the Record Date, the only persons or companies who beneficially own, or control or direct, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to all outstanding Common Shares are:

<u>Name</u>	<u>No. of Shares</u>	<u>Percentage</u>
Dundee Corporation <sup>(1)</sup>	640,000 <sup>(2)</sup>	21.84%

<sup>(1)</sup> Dundee Corporation is a holding company that owns and manages a portfolio of publicly listed and privately held businesses.

<sup>(2)</sup> The number of Common Shares beneficially owned or controlled by Dundee Corporation has been obtained through public filings made by Dundee Corporation.

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

None of the directors or executive officers of the Corporation, no proposed nominee for election as a director of the Corporation, none of the persons who have been directors or executive officers of the Corporation since the commencement of the Corporation's last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditor except for the current directors and executive officers of the Corporation and the nominees for election as directors, inasmuch as in the following year they may be granted options to purchase Common Shares pursuant to the Corporation's stock option plan, ratification of which will be sought at the Meeting.

## ELECTION OF DIRECTORS

The Board presently consists of four directors. It is intended that at the Meeting, a resolution will be proposed setting the number of directors for the ensuing year at four.

The persons named below will be presented for election at the Meeting as management's nominees and unless such authority is withheld, the Management Designees 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 meeting of the Corporation unless his office is earlier vacated in accordance with the Bylaws of the Corporation or the provisions of the CBCA. No class of shareholders of the Corporation has the right to elect a specified number of directors or to cumulate their votes for directors.

The following table sets out the names of the nominees for election as directors, the province and country in which each is ordinarily resident, all offices of the Corporation now held by each of them, their principal occupation, business or employment, the period of time for which each has been a director of the Corporation, and the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by any proposed director, as at the date of this Circular:

<b>Name, Present Office and Province and Country of Residence<sup>(1)</sup></b>	<b>Present Principal Occupation, Business or Employment<sup>(1)</sup></b>	<b>Date First Appointed as a Director</b>	<b>No. of Common Shares Beneficially Held or Controlled<sup>(1)</sup></b>
<b>BRIAN E. BAYLEY</b> <i>Director</i> <i>British Columbia, Canada</i>	President of Earlston Management Corp., a private management company and Executive Chairman of Earlston Investments Corp., a private merchant bank.	March 28, 2006	Nil
<b>DONN BURCHILL</b> <i>Director</i> <i>British Columbia, Canada</i>	Chartered Professional Accountant and self-employed accountant.	July 14, 2016	Nil
<b>WILLIAM (BILL) J. RADVAK</b> <i>Director, President &amp; CEO</i> <i>British Columbia, Canada</i>	President & CEO of the Corporation. Director and Executive Chairman of NervGen Pharma Corp. (TSX-V), a regenerative medicine company.	January 21, 2010	38,272
<b>BRETT A. WHALEN</b> <i>Chairman</i> <i>Ontario, Canada</i>	Chartered Financial Analyst and private investor.	September 30, 2013	20,000

Note:

- (1) The information as to residence, present principal occupation, business or employment, and the number of Common Shares beneficially owned or controlled is not within the knowledge of the management of the Corporation and has been furnished by the respective nominees. The participation of the directors in other reporting issuers is described in Appendix 1 to this Circular.

The members of the Corporation's audit committee (the "**Audit Committee**") as at the date hereof are Donn Burchill (Chair), Brian E. Bayley and Brett A. Whalen.

**Cease Trade Orders or Bankruptcies**

To the Corporation's knowledge except as disclosed below, no proposed director of the Corporation:

- (a) is, as at the date of the Circular, or has been within 10 years before the date of the Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation and any personal holding companies) that,
- (i) was subject to a cease trade or similar order or an order that denied the relevant company access to an exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an "**Order**") and was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) is, as at the date of the Circular, or has been within 10 years before the date of the Circular, a director or executive officer of any company (including the Corporation and any personal holding companies) 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 the 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.

### **Sanctions and Penalties**

To the Corporation's knowledge except as disclosed in this Circular, no proposed director or personal holding companies of any proposed director of the Corporation 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.

### **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") set out a series of guidelines for effective corporate governance. The Corporation has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Corporation's practices comply with the guidelines; however, the Board considers that some of the guidelines are not suitable for the Corporation at its current stage of development and therefore these guidelines have not been adopted. NI 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

#### **Board of Directors**

The Board is currently composed of four directors. The Board believes that a board of four directors is an appropriate number for the Corporation, in that it is small enough to facilitate effective decision-making and large enough to provide the necessary breadth of experience.

The Board has applied the test for independence set out in National Instrument 52-110 *Audit Committees* ("NI 52-110") and determined that:

- Brian E. Bayley is independent despite being a director and officer of Earlston Management Corp. ("Earlston"), a company that provides various administrative and related corporate services to the Corporation, since Earlston did not receive or accrue any compensation for 2019. See "Management Contracts".
- Donn Burchill is independent.
- Bill Radvak is not independent as he is a senior officer of the Corporation.
- Brett A. Whalen is independent.

#### **Diversity of Board of Directors**

On January 1, 2020, new requirements for public corporations to disclose information about the diversity of their boards of directors and senior management came into effect. The purpose of the new requirement is to foster diversity of corporate leadership in Canada, improve shareholder democracy, and drive shareholder value through better transparency.



The Board recognizes the benefits that diversity brings to a board of directors. The Board believes that a board comprised of women and men representing diverse points of view, having regard to ethnicity, gender, age, national origin, indigenous status, disability, sexual orientation, cultural background, business experience, professional expertise, personal skills and geographic background, can add greater value than a board comprised of directors with similar perspectives and insights. In particular, the Board regards the involvement of women, indigenous peoples, persons with disabilities and members of visible minorities (collectively, “**Designated Groups**”) and their experience and input as constructive to successful decision making and stewardship.

In July, 2017, the Corporation completed a reorganization including a share consolidation and a name change and discontinued its previous exploration of the Gibellini vanadium mineral property and ceased as a sales agent for a manufacturer of vanadium redox-flow energy storage systems. Currently, the Corporation has no commercial operations and has a working capital deficiency as a result of liabilities arising from previous commercial activities. The Corporation continues to seek and evaluate potential business opportunities, but it will require additional financing in the near future.

In light of the current status and financial position of the Corporation, the Board has not adopted a written policy with respect to the representation of Designated Groups on the Board, The Board does not foresee the adoption of such a policy until a new business has been identified, as adoption of such a policy will require time to properly assess its objectives, targets and capabilities in order to identify and attract qualified candidates from Designated Groups to serve on the Board. Nevertheless, the Board always considers diversity of race, ethnicity, gender, age, cultural background and professional experience in evaluating candidates for membership in the Board or when appointing members of senior management. The members of the Board and senior management do not identify with any of the Designated Groups.

The Board has not adopted term limits for the directors on the Board or other mechanisms of board renewal. Further, the Board has not adopted targets regarding the number or percentage of individuals from Designated Groups on the Board or as senior management. The Board has determined that targets would not be the most effective way of ensuring greater diversity or obtaining the most capable persons for such positions. The Board will, however, consider the appropriateness of adopting targets at such time that a new business has been identified.

### **Management Supervision by Board**

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 are however able to meet at any time without any members of management including the non-independent directors being present.

Further supervision is performed through the Audit Committee, which is composed of a majority of independent directors who meet with the Corporation’s auditor without management being in attendance, as needed.

### **Participation of Directors in Other Reporting Issuers**

The participation of the directors in other reporting issuers (public companies) is described in Appendix 1 to this Circular.

### **Orientation and Continuing Education**

While the Corporation does not have formal orientation and training programs, new Board members are provided with access to publicly filed documents of the Corporation, technical reports, if applicable, internal financial information, management and technical experts and consultants, and a summary of significant securities disclosure obligations.

Board members are encouraged to communicate with management, the auditor 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 Corporation’s operations.

Board members have full access to the Corporation’s records.

## **Ethical Business Conduct**

Corporate governance is the structure and process used to direct and manage the business and affairs of a company with the objective of enhancing Shareholder value. The Board believes that the Corporation has in place corporate governance practices that are both effective and appropriate to the Corporation's size and its relatively uncomplicated business operations. Because of its size and composition, the Board does not find it necessary to appoint many committees or to have in place many formal processes to ensure effective corporate governance.

For these reasons the Board has not adopted a formal Code of Conduct.

## **Nomination of Directors**

The Board has responsibility for identifying potential Board candidates. The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors.

## **Compensation of Directors and Chief Executive Officer**

The independent directors are Brian E. Bayley and Donn Burchill. Directors have the responsibility for determining compensation for the directors and senior management. See "Executive Compensation - Compensation Governance" below regarding the process for determining compensation.

## **Other Board Committees**

The Board has an Audit Committee. The Audit Committee is responsible for reviewing the Corporation's financial reporting procedures, internal control and management information systems and external auditor. The Audit Committee also reviews the Annual Financial Statements and interim unaudited financial statements before those statements are approved by the Board. See "Audit Committee" below for the composition of and further particulars of the Audit Committee.

As of the date of this Circular, the Board has four members and is well able to assess the effectiveness of the Board as a whole and the contributions made by the individual directors without instituting any formal process for that purpose. In addition, as the directors are actively involved in the operations of the Corporation and the size of the Corporation's operations does not warrant a larger board of directors, the Board has determined that additional committees are not necessary at this stage of the Corporation's development.

## **Assessments**

The Board conducts informal annual assessments of the Board's effectiveness, the individual directors and of its Audit Committee.

## **AUDIT COMMITTEE**

### **Overview**

The Audit Committee of the Board is principally responsible for:

- recommending to the Board the external auditor to be nominated for election by the Shareholders at each annual meeting and negotiating the compensation of such external auditor;
- overseeing the work of the external auditor;
- reviewing the Corporation's annual and interim financial statements, Management Discussion & Analysis (MD&A) and press releases regarding earnings before they are reviewed and approved by the Board and publicly disseminated by the Corporation; and

- reviewing the Corporation’s financial reporting procedures and disclosure controls to ensure adequate procedures are in place for the Corporation’s public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assessing the adequacy of those procedures.

### **The Audit Committee’s Charter**

As of the date of this Circular, the Board has adopted a Charter for the Audit Committee (“**Audit Committee Charter**”), which sets out the Audit Committee’s mandate, organization, powers and responsibilities, a copy of which is attached as Appendix 2 to this Circular and is available online at [www.sedar.com](http://www.sedar.com).

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

The Audit Committee currently consists of three directors: Donn Burchill, Brian E. Bayley and Brett A. Whalen. Following the Meeting, it is anticipated that the members of the Audit Committee will be Donn Burchill, Brian E. Bayley and Brett A. Whalen.

The following table sets out their names and whether they are “independent” and “financially literate”.

<u><b>Name of Member</b></u>	<u><b>Independent<sup>(1)</sup></b></u>	<u><b>Financially Literate<sup>(2)</sup></b></u>
Donn Burchill	Yes	Yes
Brian E. Bayley	Yes	Yes
Brett A. Whalen	Yes	Yes

Notes:

- (1) To be considered to be independent, a member of the Audit Committee must not have any direct or indirect ‘material relationship’ with the Corporation. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgment. NI 52-110 exempts the members of the Audit Committee from being independent and financially literate since the Corporation is a “**venture issuer**” (listed on the TSX Venture Exchange and no other exchange).
- (2) To be considered financially literate, a member of the Audit Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

### **Relevant Education and Experience**

The education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member are set out below:

*Brian E. Bayley*

Mr. Bayley is experienced in the areas of natural resource and real estate lending, corporate restructuring and management and administration of public companies. He is the President of Earlston Management Corp., a private management company providing services to public and private companies. Mr. Bayley is also Executive Chairman of Earlston Investments Corp., a private merchant bank. Mr. Bayley has held active senior management positions in both private and public natural resource companies and has over 30 years of public issuer experience as both a director and an officer and is currently an officer and director and audit committee member of several public companies. Mr. Bayley graduated in 1977 from the University of Victoria with a B.A. (Hon). He received his MBA from Queen’s University in 1979.

*Donn Burchill*

Mr. Burchill received his Bachelor of Arts from the University of Victoria in 1976 and has been a Chartered Professional Accountant (CPA, CMA) since 1983. Since 1998, Mr. Burchill has been a self-employed accountant and has over 25 years of public issuer experience and continues to serve as director and officer for several public companies.

*Brett A. Whalen*

Brett A. Whalen is a Chartered Financial Analyst and private investor. He was previously Vice President and Portfolio Manager at Goodman Investment Counsel, a wholly-owned division of Dundee Corporation and President and CEO of the CMP Group of companies. His experience also includes senior positions with Dundee Capital Markets and Clarus Securities Inc. He has a BA (Honours) degree in Economics and Finance from Wilfred Laurier University.

**Audit Committee Oversight**

Since the commencement of the Corporation's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

**Reliance on Certain Exemptions**

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on: (a) the exemption in section 2.4 (De Minimis Non-audit Services), or (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

**Pre-Approval Policies and Procedures**

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in section (aa) in "Accounting Systems, Internal Controls and Procedures" of the Audit Committee Charter.

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

The fees paid by the Corporation to its auditor in each of the last two financial years, by category, are as follows:

<u>Financial Period Ending</u>	<u>Audit Fees<sup>(1)</sup></u>	<u>Audit Related Fees<sup>(2)</sup></u>	<u>Tax Fees<sup>(3)</sup></u>	<u>All Other Fees</u>
December 31, 2019	\$15,942	Nil	Nil	Nil
December 31, 2018	\$17,136	Nil	Nil	Nil

Notes:

- (1) The aggregate fees billed by the Corporation's auditor for audit fees.
- (2) The aggregate fees billed for assurance and related services by the Corporation's auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not disclosed in the 'Audit Fees' column.
- (3) The aggregate fees billed for professional services rendered by the Corporation's auditor for tax compliance, tax advice, and tax planning.

**Exemption for Venture Issuers**

As a venture issuer, the Corporation is exempt from the provisions of NI 52-110 that would otherwise require its audit committee to be constituted in accordance with Part 3 of NI 52-110, and the Corporation to provide comprehensive disclosure about the members of its Audit Committee.

**COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS**

The following discussion describes the elements of the Corporation's executive compensation program, with particular emphasis on the process for determining compensation payable to the President and Chief Executive Officer and the Chief Financial Officer of the Corporation. The Corporation does not have any other executive officers that receive compensation.

In this Circular, "**Named Executive Officer**" means each of the following individuals:

- (a) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;
- (b) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;
- (c) in respect of the Corporation and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year;
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of that financial year.

For the purposes of this Circular,

1. “**non-equity incentive plan**” means an incentive plan or portion of an incentive plan that is not an equity incentive plan.
2. “**option-based award**” means an award under an equity incentive plan of options, including for avoidance of doubt, share options, share appreciation rights, and similar instruments that have option-like features.
3. “**share-based award**” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for avoidance of doubt, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

## Compensation Discussion and Analysis

### *Compensation Philosophy*

All employees of the Corporation receive compensation based on market value for the type of role they perform. Additional consideration is given to internal pay equity and performance.

The compensation payable to employees consists of base salary and long-term incentive by way of the grant of:

- stock options under the Corporation’s Stock Option Plan (the “**Stock Option Plan**”); and
- Common Shares (“**Compensation Shares**”).

### *Base Salary*

In setting salaries, the Board does not rely solely upon benchmarking, mathematical formulas or hierarchy. Salary levels for Named Executive Officers are based on the executive’s qualifications, experience and responsibilities within the Corporation, and are intended to be competitive with salaries paid to others in comparable positions within the same industry.

In reviewing comparative data, the directors do not engage in benchmarking for the purpose of establishing compensation levels relative to any predetermined level and does not compare its compensation to a specific peer group of companies.

The Corporation is a shell company without any business and will not be generating revenues from operations for a significant period of time. As a result, the use of traditional performance standards, such as corporate profitability and

earnings per share, are not considered by the directors to be relevant in the evaluation of corporate or Named Executive Officer performance. The salary element of compensation is designed to ensure the Corporation's access to skilled employees necessary to achieve its corporate objectives.

### *Long-Term Incentive*

The Corporation provides a long-term incentive by granting stock options to executive officers in accordance with the Option Plan established in accordance with the policies of the TSX Venture Exchange ("TSX-V"). See the "Stock Option Plan" section. The objective of granting options is to encourage executive officers to acquire an ownership interest in the Corporation over a period of time, which acts as a financial incentive for such executive officer to consider the long-term interests of the Corporation and its Shareholders.

When determining the number of Common Shares issuable under stock options to be granted to an executive officer, the Board takes into account the number and terms of outstanding stock options, including vesting provisions, to determine whether or not new stock option grants should be made to such executive officer. In addition, the Board seeks the views of the Corporation's CEO when reviewing compensation for other executive officers because of his day-to-day involvement with these officers. The Board believes that the CEO is in the best position to assess the performance of such individuals and to provide valuable input regarding salary adjustments, level of payment of short-term incentives, as well as levels of grants of long-term incentives, when applicable. The Board also asks, and expects the CEO to provide comments, based on his judgment and deep knowledge of the strategic goals of the Corporation, on the design of any new compensation program that is implemented. The Board takes into consideration information it receives from management, but makes independent recommendations to the Board on all executive compensation matters.

The Corporation also grants Compensation Shares as an additional way of providing a long-term incentive. The Corporation does not have a formal policy for the granting of Compensation Shares and each grant is reviewed and approved by the Board. The issuance of Compensation Shares is subject to the approval of the TSX-V.

The Board considers the implications and risks of the Corporation's compensation policies and practices as factors in assisting the Board in approving and monitoring guidelines and practices regarding the compensation and benefits of officers, as well as administering the Stock Option Plan. The Corporation's compensation policies and practices give greater weight toward long-term incentives to mitigate the risk of encouraging short-term goals at the expense of long-term sustainability.

The Corporation does not have a formal policy prohibiting a Named Executive Officer or director from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation and held, directly or indirectly, by the Named Executive Officer or director. However, there is an understanding that the Named Executive Officers and directors will not purchase such financial instruments, and the Corporation is not aware of any Named Executive Officer or director having entered into this type of transaction as at the date of this Circular.

### **Share-based and Option-based Awards**

The process the Corporation uses to grant share-based and option-based awards to executive officers is described under "Statement of Executive Compensation - Compensation Discussion and Analysis - Long-Term Incentive".

### **Compensation Governance**

To determine compensation payable, the independent directors review compensation paid for directors and chief executive officer of companies of similar size and stage of development and determine an 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 Corporation.

The Board is responsible for reviewing compensation of the Corporation's executive officers and directors, executive compensation disclosure and oversight of the compensation structure and benefit plans and programs of the

Corporation. The Board also establishes and administers the Corporation's policies, programs and procedures for compensating and incentivizing its executive officers.

### Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table sets forth all annual and long-term compensation for services paid to or earned by the Named Executive Officers and the directors for the two fiscal years ended December 31, 2019 and December 31, 2018:

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 (\$)
Bill Radvak President and CEO	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
John Downes CFO	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Brian E. Bayley Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Brett A. Whalen Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Donn Burchill Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil

#### Narrative Discussion

Under an executive employment agreement dated December 17, 2013 and effective January 1, 2014 between the Corporation and William Radvak (“**Radvak Agreement**”), the Corporation employed Mr. Radvak as President and Chief Executive Officer at an annual salary of \$150,000 (“**Base Salary**”). Effective January 1, 2017, the Radvak Agreement was terminated. See “Director and Named Executive Officer Compensation, Excluding Compensation Securities”.

John Downes does not have a written or verbal contract with the Corporation.

### Stock Options and Other Compensation Securities

Compensation securities were granted or issued to the Named Executive Officers and directors by the Corporation in the financial year ended December 31, 2019 for services provided or to be provided, directly or indirectly, to the Corporation, as disclosed in the following table:

COMPENSATION SECURITIES							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Bill Radvak President, CEO and Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
John Downes CFO	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Brian E. Bayley Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A

COMPENSATION SECURITIES							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
<b>Brett A. Whalen</b> Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
<b>Donn Burchill</b> Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A

Compensation securities were exercised by NEOs and directors during the financial year ended December 31, 2019, as disclosed in the following table:

EXERCISE OF COMPENSATION SECURITIES BY DIRECTORS AND NEOS							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
<b>Bill Radvak</b> President, CEO and Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
<b>John Downes</b> CFO	N/A	Nil	N/A	N/A	N/A	N/A	N/A
<b>Brian E. Bayley</b> Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
<b>Brett A. Whalen</b> Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
<b>Donn Burchill</b> Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A

The Corporation has no form of compensation plan under which equity securities of the Corporation are authorized for issuance to employees or non-employees in exchange for consideration in the form of goods or services other than the Stock Option Plan.

Under the terms of the Stock Option Plan, any options will terminate 90 days after the optionee ceases to be a director, senior officer, employee or consultant of the Corporation or a subsidiary (except for persons providing investor relations services which terminate 30 days after cessation), except by reason of the death of the optionee, in which case the optionee's personal representative may exercise the options by the earlier of one year following the date of death or the expiry date of the stock option. See "Stock Option Plan" below.

### Pension Plan Benefits

The Corporation does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement. Termination and Change of Control Benefits.

### Chief Executive Officer

Due to the continued lack of financial resources of the Corporation and the uncertainty of the future of the Corporation, it was agreed between the Corporation and Mr. Radvak that the Radvak Agreement be terminated effective January 1, 2017.



## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

### Equity Compensation Plan Information

The following table sets out details of the Corporation's compensation plans under which equity securities of the Corporation are authorized for issuance as at December 31, 2019:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column ) <sup>(1)</sup>
Equity compensation plans approved by securityholders	66,700	\$2.50	226,305
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	66,700	\$2.50	226,305

Note:

- (1) Any share compensation arrangement, which includes the Stock Option Plan, RSU Plan and Compensation Shares has a limitation, when aggregated, of 10% of the issued and outstanding Common Shares as at December 31, 2019 less issued stock options, restricted share units and Compensation Shares. As at December 31, 2019, there were 2,930,058 issued and outstanding Common Shares.

## STOCK OPTION PLAN

### Purpose of the Plan

The purpose of the Stock Option Plan is to provide an incentive to the Corporation's directors, officers, employees and consultants and to management company employees to continue their involvement with the Corporation, to increase their efforts on the Corporation's behalf and to attract qualified new personnel. The Corporation decided to implement the Stock Option Plan to provide additional incentive in attracting, retaining and motivating directors, officers, employees and consultants of the Corporation and of its affiliates.

### General Description/TSX-V Policies

The Stock Option Plan has been prepared to meet TSX-V requirements and is administered by the Board, which has full and final authority with respect to the granting of all options thereunder. A copy of the Stock Option Plan is attached as Appendix 3 to this Circular.

Options may be granted under the Stock Option Plan to such service providers of the Corporation and its affiliates, if any, as the Board may from time to time designate. The exercise price of option grants will be determined by the Board, but will not be less than the closing market price of the Common Shares on the TSX-V less allowable discounts at the time of grant.

The Stock Option Plan provides that, subject to the requirements of the TSX-V, the aggregate number of securities reserved for issuance under the Stock Option Plan and any other share compensation arrangement of the Corporation will be 10% of the number of the Common Shares issued and outstanding from time to time. The Stock Option Plan further provides that the number of Common Shares that may be reserved for issuance to any one individual upon exercise of all stock options held by such individual, when aggregated with the Common Shares reserved for issuance

to such individual under any other share compensation arrangement of the Corporation, may not exceed 5% of the issued Common Shares on a yearly basis.

Subject to earlier termination and in the event of dismissal for cause, termination other than for cause or in the event of death, all options granted under the Stock Option Plan will expire not later than the date that is five years from the date that such options are granted.

Options granted under the Stock Option Plan are not transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession.

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

No executive officer, director, employee or former executive officer, director or employee or any of their respective associates or affiliates is or has been at any time since the beginning of the last completed financial year, indebted to the Corporation or any of its subsidiaries nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Corporation or any of its subsidiaries.

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

Other than as disclosed in this Circular, no director or executive officer of the Corporation, proposed nominee for election as a director, person beneficially owning, directly or indirectly, more than 10% of the outstanding Common Shares or any associate or affiliate of the foregoing, has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction, which has materially affected or would materially affect the Corporation or any of its subsidiaries.

### **APPOINTMENT OF AN AUDITOR**

The Shareholders will be asked to vote for the re-appointment of Davidson & Company LLP, Chartered Professional Accountants, as the auditor of the Corporation for the ensuing year to hold office until the next annual meeting of Shareholders or until the firm of Davidson & Company LLP, Chartered Professional Accountants, resigns or is removed from office. The Shareholders will also be asked to approve and adopt an ordinary resolution authorizing the Board to approve the compensation of the auditor for the ensuing year.

### **MANAGEMENT CONTRACTS**

The Corporation has retained the services of Earlston Management Corp. ("**Earlston**") to provide various administrative and related corporate services in consideration for a monthly fee of \$6,500, plus reasonable expenses incurred in the performance of its services. Due to the Corporation's financial condition, Earlston has suspended its fees and did not bill the Corporation for services provided in 2019. As at December 31, 2019, \$155,844 was included in accounts payable and accrued liabilities (December 31, 2018 - \$155,579) for amounts owing to Earlston, which includes sundry expenses paid for by Earlston on the Corporation's behalf in addition to those for management, corporate and administrative services incurred prior to 2018.

Earlston is a private company with its head office is located at Suite 1703 - 595 Burrard Street, Vancouver, British Columbia, V7X 1J1. Brian E. Bayley, a director of the Corporation, is President, and a director of Earlston and John Downes, Chief Financial Officer of the Corporation, is also Chief Financial Officer of Earlston.

Earlston's informed persons, as defined by National Instrument 51-102 *Continuous Disclosure Obligations* and their provinces of residences are: Brian E. Bayley (British Columbia), Sandra Lee (British Columbia) and John G. Downes (British Columbia) (together, the "**Earlston Informed Persons**").

Neither Earlston nor any of the Earlston Informed Persons, or their associates or affiliates, is or was since the start of the Corporation's most recently completed financial year indebted to the Corporation or its subsidiaries or entered into any transactions or arrangements with the Corporation or its subsidiaries.

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

### **Continuation of Stock Option Plan**

The Stock Option Plan provides for the issuance of stock options to acquire, when aggregated with the number of Common Shares reserved for issuance under every other share compensation arrangement of the Corporation, up to 10% of the Corporation's issued and outstanding capital as at the date of grant. This is a "rolling" plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Corporation's issued and outstanding share capital increases.

The TSX-V policy requires that "rolling" plans be approved by Shareholders annually, at the Corporation's annual meeting. Continuation of the Stock Option Plan is subject to the approval of the Shareholders and acceptance by the TSX-V.

The Corporation has suspended the grant of options under its Stock Option Plan until the filing of the Stock Option Plan with and payment of applicable fees to the TSX-V. The Corporation intends to make such filing and payment of fees as soon as it has sufficient financial resources.

Despite the Stock Option Plan currently being suspended, Shareholders will be requested at the Meeting to pass an ordinary resolution ("**Stock Option Plan Renewal Resolution**") in the following terms:

**"BE IT HEREBY RESOLVED** that:

1. the Corporation's stock option plan ("**Plan**"), as described in and attached as Appendix 3 to the Management Proxy Circular of the Corporation dated May 13, 2020, be and is hereby ratified, confirmed and approved, subject to acceptance by the TSX Venture Exchange;
2. the Corporation be authorized to grant stock options pursuant and subject to the terms and conditions of the Plan, entitling the option holders to purchase, when aggregated with the number of Common Shares reserved for issuance under every other share compensation arrangement of the Corporation, up to that number of Common Shares that is equal to 10% of the issued and outstanding capital of the Corporation at the time of the grant;
3. the outstanding stock options which have been granted prior to the renewal of the Plan shall, for the purpose of calculating the number of stock options that may be granted under the Plan, be treated as options granted under the Plan; and
4. any one director or officer of the Corporation be and is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as may be necessary or desirable to give effect to the foregoing resolutions and to complete all transactions in connection with the continuation of the Plan."

**Unless otherwise directed, it is the intention of the Management Designees to vote Proxies in favour of the resolution approving the Stock Option Plan Renewal Resolution.** To be effective, an ordinary resolution requires approval of a majority of the votes cast by Shareholders who vote in respect of the Stock Option Plan Renewal Resolution.

### **OTHER BUSINESS**

Management of the Corporation knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the Proxy or VIF as management nominees to vote the same in accordance with their best judgment of such matters.

### **SHAREHOLDER PROPOSALS**

Pursuant to Section 137 of the CBCA, any notice of a Shareholder proposal intended to be raised at the Meeting must be submitted to the Corporation at its registered office, to the attention of the Corporate Secretary, at least 90 days before the anniversary of the notice of meeting sent to the Shareholders in connection with the previous annual meeting of the Corporation.

It is the position of the Corporation that Shareholder proposals need be recognized only if made in accordance with the procedures set out in the CBCA.

### **ADDITIONAL INFORMATION**

Additional information concerning the Corporation is available online at [www.sedar.com](http://www.sedar.com). Financial information concerning the Corporation is provided in the Corporation's Financial Statements and Management's Discussion and Analysis for the financial period ended December 31, 2019.

Shareholders wishing to obtain a copy of the Corporation's Financial Statements and Management's Discussion and Analysis may contact the Corporate Secretary of the Corporation as follows:

Monitor Ventures Inc.  
Suite 1703, Three Bentall Centre  
595 Burrard Street, P.O. Box 49131  
Vancouver, British Columbia V7X 1J1  
Telephone: (604) 689-1428  
Facsimile: (604) 681-4692

### **DIRECTORS' APPROVAL**

The contents and sending of this Circular have been approved by the Board.

**BY ORDER OF THE BOARD**

(signed) *Bill Radvak*

President and Chief Executive Officer and Director

Vancouver, British Columbia  
May 13, 2020

**Appendix 1**

The participation of each of the current directors and nominees for election as directors in other reporting issuers (public companies) is set out below.

<b>Name of Director or Proposed Director</b>	<b>Directorship(s) held in other Reporting Issuers</b>
Brian E. Bayley	Cypress Hills Resource Corp.                      EMX Royalty Corp. NerveGen Pharma Corp.                              Quendale Capital Corp.
Donn Burchill	Quendale Capital Corp.
Bill Radvak	NervGen Pharma Corp.
Brett A. Whalen	Newstrike Resources Ltd.

Appendix 2

**MONITOR VENTURES INC.**  
(the “Company”)

**Audit Committee Charter**

Composition and Process

- (a) The Audit Committee shall be composed of a minimum of three members of the Board of Directors, a majority of whom are independent. An independent director, as defined in National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”) is a director who has no direct or indirect material relationship which could, in the view of the Company’s Board of Directors, be reasonably expected to interfere with the exercise of a members independent judgment or as otherwise determined to be independent in accordance with NI 52-110.
- (b) Members shall serve one-year terms and may serve consecutive terms, which are encouraged to ensure continuity of experience.
- (c) The Chairperson shall be appointed by the Board of Directors for a one-year term, and may serve any number of consecutive terms.
- (d) All members of the Audit Committee shall be financially literate. Financial literacy is the ability to read and understand a balance sheet, income statement and cash flow statement that present a breadth and level of complexity comparable to the Company’s financial statements.
- (e) The Chairperson shall, in consultation with management and the external auditor and internal auditor (if any), establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to the members with sufficient time for study prior to the meeting. The external auditor will also receive notice of all meetings of the Audit Committee. The Audit Committee may employ a list of prepared questions and considerations as a portion of its review and assessment process.
- (f) The Audit Committee shall meet at least once per year and may call special meetings as required. A quorum at meetings of the Audit Committee shall be its Chairperson and one of its other members or the Chairman of the Board of Directors. The Audit Committee may hold its meetings, and members of the Audit Committee may attend meetings, by telephone conference if this is deemed appropriate.
- (g) The minutes of the Audit Committee meetings shall accurately record the decisions reached and shall be distributed to Audit Committee members with copies to the Board of Directors, the Chief Executive Officer, the Chief Financial Officer and the external auditor.
- (h) The Audit Committee reviews, prior to their presentation to the Board of Directors and their release, all material financial information required by securities legislation and policies.

- (i) The Audit Committee enquires about potential claims, assessments and other contingent liabilities.
- (j) The Audit Committee periodically reviews with management, depreciation and amortization policies, loss provisions and other accounting policies for appropriateness and consistency.
- (k) The Charter of the Audit Committee shall be reviewed by the Board of Directors on an annual basis.

#### Authority

- (l) Appointed by the Board of Directors pursuant to the provisions of the *Canada Business Corporations Act* and the by-laws of the Company.
- (m) Primary responsibility for the Corporation's financial reporting, accounting systems and internal controls is vested in senior management and is overseen by the Board of Directors. The Audit Committee is a standing committee of the Board of Directors established to assist it in fulfilling its responsibilities in this regard. The Audit Committee shall have responsibility for overseeing management reporting on internal controls. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Audit Committee to ensure that management has done so.
- (n) In fulfilling its responsibilities, the Audit Committee shall have unrestricted access to the Company's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.
- (o) The Audit Committee shall have direct communication channels with the internal auditor (if any) and the external auditor to discuss and review specific issues, as appropriate.
- (p) The Audit Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties.
- (q) The Audit Committee shall establish the compensation to be paid to any advisors employed by the Audit Committee and such compensation shall be paid by the Company as directed by the Audit Committee.

#### Relationship with External Auditors

- (r) An external auditor must report directly to the Audit Committee.
- (s) The Audit Committee is directly responsible for overseeing the work of the external auditor including the resolution of disagreements between management and the external auditor regarding financial reporting.
- (t) The Audit Committee shall implement structures and procedures to ensure that it meets with the external auditor on at least annually in the absence of management.

Accounting Systems, Internal Controls and Procedures

- (u) Obtain reasonable assurance from discussions with and/or reports from management, and reports from external auditors that accounting systems are reliable and that the prescribed internal controls are operating effectively for the Company and its subsidiaries and affiliates.
- (v) The Audit Committee shall review to ensure to its satisfaction that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements and will periodically assess the adequacy of those procedures.
- (w) Direct the external auditor's examinations to particular areas.
- (x) Review control weaknesses identified by the external auditor, together with management's response.
- (y) Review with the external auditor its view of the qualifications and performance of the key financial and accounting executives.
- (z) In order to preserve the independence of the external auditor the Audit Committee will:
  - (i) recommend to the Board of Directors the external auditor to be nominated; and
  - (ii) recommend to the Board of Directors the compensation of the external auditor's engagement;
- (aa) The Audit Committee shall review and pre-approve any engagements for non-audit services to be provided by the external auditor or its affiliates, together with estimated fees, and consider the impact on the independence of the external auditor.
- (bb) Review with management and with the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting.
- (cc) The Audit Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and most recent former external auditor of the Company.
- (dd) The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- (ee) The Audit Committee shall on an annual basis, prior to public disclosure of its annual financial statements, ensure that the external auditor has entered into a participation agreement and has not had its participant status terminated, or, if its participant status was terminated, has been reinstated in accordance with the Canadian Public Accountability Board ("CPAB") bylaws and is in compliance with any restriction or sanction imposed by the CPAB.



### Statutory and Regulatory Responsibilities

- (ff) Annual Financial Information - review the annual audited financial statements and related management's discussion and analysis ("MD&A"), including any letter to shareholders and related press releases, and recommend their approval to the Board of Directors, after discussing matters such as the selection of accounting policies (and changes thereto), major accounting judgments, accruals and estimates with management and the external auditor.
- (gg) Annual Report - review the management MD&A section and all other relevant sections of the annual report, if prepared, to ensure consistency of all financial information included in the annual report.
- (hh) Interim Financial Statements - review the quarterly interim financial statements and related MD&A, including any letter to shareholders and related press releases and recommend their approval to the Board of Directors.
- (ii) Earnings Guidance/Forecasts - review forecasted financial information and forward looking statements.
- (jj) Review the Company's financial statements, MD&A and earnings press releases before the Company publicly discloses this information.

### Reporting

- (kk) Report, through the Chairperson of the Audit Committee, to the Board of Directors following each meeting on the major discussions and decisions made by the Audit Committee.
- (ll) Report annually to the Board of Directors on the Audit Committee's responsibilities and how it has discharged them.
- (mm) Review the Audit Committee's Charter annually and recommend the approval of any proposed amendments to the Board of Directors.

### Other Responsibilities

- (nn) Investigating fraud, illegal acts or conflicts of interest.
- (oo) Discussing selected issues with corporate counsel or the external auditor or management.

Approved and adopted by the Board effective April 24, 2008.

Appendix 3

MONITOR VENTURES INC.  
(the “Corporation”)

STOCK OPTION PLAN

(1) **INTERPRETATION**

**1.1 Defined Terms** - For the purposes of this Stock Option Plan, the following terms shall have the following meanings:

- (a) “**Associate**” shall have the meaning ascribed to such term in the British Columbia *Securities Act*, as amended from time to time;
- (b) “**Board**” means the Board of Directors of the Corporation;
- (c) “**Change in Control**” means:
  - (i) a takeover bid (as defined in the British Columbia *Securities Act*, which is successful in acquiring Shares of the Corporation;
  - (ii) the change of control of the Board resulting from the election by the members of the Corporation of less than a majority of the persons nominated for election by management of the Corporation;
  - (iii) the sale of all or substantially all the assets of the Corporation;
  - (iv) the sale, exchange or other disposition of a majority of the outstanding Shares of the Corporation in a single or series of related transactions;
  - (v) the dissolution of the Corporation’s business or the liquidation of its assets;
  - (vi) a merger, amalgamation or arrangement of the Corporation in a transaction or series of transactions in which the Corporation’s shareholders receive less than 51% of the outstanding shares of the new or continuing Corporation; or
  - (vii) the acquisition, directly or indirectly, through one transaction or a series of transactions, by any Person, of an aggregate of more than 50% of the outstanding Shares;
- (d) “**Committee**” means the Compensation Committee appointed by the Board, or if no such committee is appointed, the Board itself;
- (e) “**Consultant**” has the meaning ascribed in NI 45-106;
- (f) “**Corporation**” means Monitor Ventures Inc., a company incorporated under the laws of Canada;
- (g) “**Date of Grant**” means the date on which a grant of an Option is effective;
- (h) “**Disability**” means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months which causes an individual to be unable to engage in any substantial gainful activity;

- (i) **“Disinterested Shareholder Approval”** means an ordinary resolution approved by a majority of the votes cast by the shareholders of the Corporation at a shareholders’ meeting, excluding votes attaching to the Shares beneficially owned by Insiders to whom Options may be issued and Associates of those persons;
- (j) **“Effective Date”** means the effective date of this Plan;
- (k) **“Eligible Persons”** means:
  - (i) an employee, Executive Officer, director or Consultant of the Corporation or of any Related Entity, or
  - (iii) a Management Company Employee;
- (l) **“Executive Officer”** has the meaning ascribed in NI 45-106;
- (m) **“Fair Market Value”** means where the Shares are listed for trading on a stock exchange or over the counter market, the last closing price of the Shares before the Date of Grant on the stock exchange or over the counter market which is the principal trading market for the Shares, as may be determined for such purpose by the Committee, provided that, so long as the Shares are listed only on the TSX Venture Exchange the “fair market value” shall not be lower than the last closing price of the Shares before the Date of Grant less the maximum discount permitted under the policies of the TSX Venture Exchange;
- (n) **“Guardian”** means the guardian, if any, appointed for an Optionee;
- (o) **“Exchange Hold Period”** means a four month resale restriction imposed by the TSX Venture Exchange;
- (p) **“Insider”** shall have the meaning ascribed to such term in the British Columbia *Securities Act*, as amended from time to time;
- (q) **“Investor Relations Activities”** has the meaning ascribed in NI 45-106;
- (r) **“Management Company Employee”** means an individual employed by a corporation or a Person providing management services to the Corporation, which management services are limited to administrative or operational services required for the ongoing successful operation of the business enterprise of the Corporation but excluding a Person engaged in Investor Relations Activities;
- (s) **“NI 45-106”** means National Instrument 45-106, “Prospectus and Registration Exemptions” and all amendments thereto from time to time and any instrument which subsequently amends, replaces or supersedes NI 45-106;
- (t) **“Option”** means an option to purchase Shares granted pursuant to the terms of this Plan;
- (u) **“Option Certificate”** means the certificate issued by the Corporation specifying the terms of the Option being granted to the Optionee under the Plan;
- (v) **“Option Price”** means the exercise price per Share for an Option which shall be expressed in Canadian funds or in the United States dollar equivalent thereof. A minimum exercise price cannot be established unless the Option is allocated to a particular Person (defined below);
- (w) **“Optionee”** means a Person to whom an Option has been granted;
- (x) **“Permitted Assign”** has the meaning ascribed in NI 45-106;

- (y) “**Person**” has the meaning ascribed in NI 45-106;
- (z) “**Plan**” means this Stock Option Plan of the Corporation;
- (aa) “**Qualified Successor**” means a person who is entitled to ownership of an Option upon the death of an Optionee, pursuant to a will or the applicable laws of descent and distribution upon death;
- (bb) “**Related Entity**” means, for an issuer, a Person that controls or is controlled by the issuer or that is controlled by the same Person that controls the issuer;
- (cc) “**Share Compensation Arrangement**” means any stock option, stock option plan, employee stock purchase plan, share distribution plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to any director, officer, Consultant or employee of the Corporation or any of its subsidiaries, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan, guaranty or otherwise;
- (dd) “**Shares**” means the common shares in the capital of the Corporation; and
- (ee) “**Term**” means the period of time during which an Option may be exercised.

## 2. STATEMENT OF PURPOSE

**2.1 Principal Purposes** - The principal purposes of the Plan are to provide the Corporation with the advantages of the incentive inherent in share ownership on the part of those responsible for the continued success of the Corporation; to create in those persons a proprietary interest in, and a greater concern for, the welfare and success of the Corporation; to encourage such persons to remain with the Corporation; and to attract new talent to the Corporation.

**2.2 Benefit to Shareholders** - The Plan is expected to benefit shareholders by enabling the Corporation to attract and retain personnel of the highest caliber by offering such personnel an opportunity to share in any increase in value of the Shares resulting from their efforts.

## 3. ADMINISTRATION

**3.1 Board or Committee** - Subject to the direction of the Board, the Plan shall be administered by the Committee.

**3.2 Appointment of Committee** - The Committee shall administer the Plan on behalf of the Board in accordance with such terms and conditions as the Board may prescribe, consistent with this Plan. The Committee shall continue to administer the Plan until otherwise directed by the Board.

**3.3 Quorum and Voting** - A majority of the members of the Committee shall constitute a quorum, and, subject to the limitations in this Section 3, all actions of the Committee arising at any meeting shall be decided by a majority of votes. No member of the Committee who is a director to whom an Option may be granted may participate in the decision to grant such Option (but any such member may be counted in determining the existence of a quorum at any meeting of the Committee in which action is taken with respect to the granting of an Option to him or her).

**3.4 Powers of Committee** - The Committee shall have the following authority:

- (a) to administer the Plan in accordance with its terms;
- (b) to determine all questions arising in connection with the administration, interpretation, and application of the Plan, including all questions relating to the value of the Shares;

- (c) to correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
- (d) to prescribe, amend and rescind the rules and regulations relating to the administration of the Plan;
- (e) to determine the duration and purpose of leaves of absence from employment which may be granted to Optionees without constituting a termination of employment for purposes of the Plan;
- (f) with respect to the granting of Options, to make recommendations to the Board as to:
  - (i) the Eligible Persons to whom Options shall be granted, based on the eligibility criteria set out in this Plan,
  - (ii) the terms and provisions of the Option Certificate which shall be entered into with each Optionee (which need not be identical with the terms of any other Option Certificate),
  - (iii) amending the terms and provisions of an Option Certificate, provided it obtains:
    - (A) the consent of the Optionee; and
    - (B) the approval of any stock exchange on which the Corporation is listed, where required,
  - (iv) when Options shall be granted,
  - (v) the number of Shares subject to each Option, and, where applicable, whether or not to grant Options for the issuance of flow-through Shares, and
  - (vi) the vesting schedule, if any, for the exercise of such Option, and
- (g) to make other determinations necessary or advisable for administration of the Plan.

**3.5 Approvals** - The Corporation will use its best efforts to obtain any regulatory or shareholder approvals which may be required pursuant to applicable securities laws or the rules of any stock exchange or over the counter market on which the Shares are listed.

**3.6 Administration by Committee** - All determinations made by the Committee in good faith with respect to matters referred to in Section 3.4 shall be final, conclusive and binding upon all Eligible Persons. The Committee shall have all powers necessary or appropriate to accomplish its duties under this Plan. In addition, the Committee's administration of the Plan shall in all respects be consistent with the policies and rules of any stock exchange or over the counter market on which the Shares are listed.

#### **4. ELIGIBILITY**

**4.1 Eligibility for Options** - Options may be granted to any Eligible Person.

**4.2 Limitations** - The grant of Options under the Plan is subject to the following limitations:

- (a) the number of Shares reserved for issuance to any one Optionee pursuant to Options, when aggregated with all Shares reserved for issuance to such Optionee under every other Share Compensation Arrangement of the Corporation, shall not exceed 5% of the outstanding Shares on a yearly basis unless the Corporation is a Tier 1 issuer under the policies of the TSX Venture Exchange and the Corporation has obtained Disinterested Shareholder Approval;

- (ff) the aggregate number of Shares reserved for issuance to any one Consultant pursuant to Options in any 12 month period, when aggregated with all Shares reserved for issuance to such Consultant under every other Share Compensation Arrangement of the Corporation, shall not exceed 2% of the outstanding Shares at the Date of Grant;
- (gg) the aggregate number of Shares reserved for issuance to persons employed in Investor Relations Activities pursuant to Options, when aggregated with all Shares reserved for issuance to such persons under every other Share Compensation Arrangement of the Corporation, shall not exceed 2% of the outstanding Shares in any 12 month period calculated at the Date of Grant unless the TSX Venture Exchange permits otherwise and Options granted to Consultants performing Investor Relations Activities must contain vesting provisions such that the vesting occurs no earlier than over at least 12 months with no more than one quarter of the Options vesting in any three month period;
- (hh) Disinterested Shareholder Approval will be required if there is a grant of Options to Insiders within a 12 month period, of a number of Options, when aggregated with all Shares reserved for issuance to Insiders under every other Share Compensation Arrangement of the Corporation, exceeding 10% of the issued Shares; and
- (ii) A press release is required at the time of grant of Options to Insiders and to persons employed in Investor Relations Activities

**4.3 No Violation of Securities Laws** - No Option shall be granted to any Optionee unless the Committee has determined that the grant of such Option will not violate the securities law of the jurisdiction in which the Corporation and the Optionee reside.

## **5. SHARES SUBJECT TO THE PLAN**

**5.1 Number of Shares** - The Board, based on recommendations by the Committee, may grant Options under the Plan from time to time to purchase, when aggregated with all Shares reserved for issuance under every other Share Compensation Arrangement of the Corporation, an aggregate of up to a maximum of 10% of the number of Shares which are issued and outstanding on a rolling basis as at the Date of Grant of any Option. Such maximum number of Shares issuable under the Plan shall be made available from authorized, but unissued, Shares. The maximum number of Shares issuable under the Plan shall be adjusted, where necessary, to take account of the events referred to in Section 10 hereof.

**5.2 Expiry of Option** - If an Option expires or terminates for any reason without having been exercised in full, the unpurchased Shares subject thereto shall again be available for the purposes of the Plan.

**5.3 Reservation of Shares** - The Corporation will at all times reserve for issuance and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

**5.4 Other Stock Option Grants** - Neither the existence of this Plan nor any provision contained in it shall be interpreted as restricting the powers of the Board to, in its discretion, grant options to purchase Shares outside of the Plan for purposes other than as set out in the Plan.

## **6. OPTION TERMS**

**6.1 Option Certificate** - With respect to each Option granted to an Optionee, the following terms shall be specified in the Option Certificate between the Corporation and the Optionee:

- (b) the number of Shares subject to purchase pursuant to such Option;
- (jj) the Date of Grant;

- (kk) the Term, provided that the length of the Term shall in no event be greater than five years following the Date of Grant, except, if the Corporation is designated as “Tier 1” listed company by the TSX Venture Exchange, then the Term shall be no greater than ten years following the Date of Grant for all Optionees;
- (ll) the Option Price, provided that the Option Price shall not be less than the Fair Market Value of the Shares on the Date of Grant;
- (mm) subject to Section 6.2 below, any vesting schedule upon which the exercise of an Option is contingent;
- (nn) if the Optionee is an employee, Consultant or Management Company Employee, a representation by the corporation and the Optionee that the Optionee is a bona fide employee, Consultant or Management Company Employee, as the case may be, of the Corporation or a Related Entity; and
- (oo) such other terms and conditions as the Committee deems advisable and are consistent with the purposes of this Plan.

**6.2 Hold Period** – An Exchange Hold Period is required, commencing on the date of grant of the Options, for Options granted to Insiders or Options granted at any discount to Fair Market Value.

**6.3 Vesting Schedule** - The Board, taking into account the recommendations of the Committee, shall have complete discretion to set the terms of any vesting schedule for each Option granted, including, without limitation, discretion to:

- (a) permit partial vesting in stated percentage amounts based on the Term of such Option; and
- (b) permit full vesting after a stated period of time has passed from the Date of Grant;

provided that the vesting period for an Option shall be in accordance with the policies of the TSX Venture Exchange at the Date of Grant.

**6.3 Amendments to Options** - Amendments to the terms of previously granted Options are subject to regulatory approval, if required. If required by the TSX Venture Exchange, Disinterested Shareholder Approval shall be required for any reduction in the Option Price of a previously granted Option if the Optionee is an Insider of the Corporation at the time of the proposed reduction in the Option Price.

**6.4 Amendment of Expiration of Term of Option During Blackout Period** - Notwithstanding the provisions of Subsection 6.1(c) or the date of expiration of the Term of an Option determined in accordance with this Plan (“**Fixed Term**”), the date of expiration of the Term of an Option will be adjusted, without being subject to Board or Committee discretion, to take into account any black out period imposed on the Optionee by the Corporation as follows:

- (i) if the Fixed Term expiration date falls within a black out period imposed on the Optionee by the Corporation, then the Fixed Term expiration date is extended to the close of business on the 10th business day after the end of such black out period by the Corporation (the “**Black Out Expiration Term**”); or
- (ii) if the Fixed Term expiration date falls within two business days after the end of a black out period imposed on the Optionee by the Corporation, then the Fixed Term expiration date is extended to the date which is the Black Out Expiration Term reduced by the number of business days between the Fixed Term expiration date and the end of such black out period (i.e. Options whose Fixed Term expires two business days after the end of the black out period will only have an additional eight business days to exercise).

**6.5 Uniformity** - Except as expressly provided herein, nothing contained in this Plan shall require that the terms and conditions of Options granted under the Plan be uniform.

## 7. EXERCISE OF OPTION

**7.1 Method of Exercise** - Subject to any limitations or conditions imposed upon an Optionee pursuant to the Option Certificate or Section 6 hereof, an Optionee may exercise an Option by giving written notice thereof to the Corporation at its principal place of business.

**7.2 Compliance with U.S. Securities Laws** - As a condition to the exercise of an Option, the Committee may require the Optionee to represent and warrant in writing at the time of such exercise that the Shares are being purchased only for investment and without any then-present intention to sell or distribute such Shares. A stop-transfer order against such Shares may be placed on the stock books and records of the Corporation, and a legend indicating that the stock may not be pledged, sold or otherwise transferred unless an opinion of counsel is provided stating that such transfer is not in violation of any applicable United States' federal and state securities laws may be endorsed on the certificates representing such Shares in order to assure an exemption from registration. The Committee also may require such other documentation as may from time to time be necessary to comply with United States' federal and state securities laws. The Corporation has no obligation to undertake registration of Options or the Shares issuable upon the exercise of the Options.

**7.3 Payment of Option Price** - The notice described in Section 7.1 shall be accompanied by full payment of the aggregate Option Price to the extent the Option is so exercised. Such payment shall be in lawful money (Canadian funds) by cheque, wire transfer or bank order.

**7.4 Issuance of Certificates** - As soon as practicable after exercise of an Option in accordance with Sections 7.1 and 7.3 hereof, the Corporation shall issue a certificate or certificates evidencing the Shares with respect to which the Option has been exercised. Until the issuance of such certificate or certificates, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the certificate is issued, except as provided by Section 10 hereof.

## 8. TRANSFERABILITY OF OPTIONS

**8.1 Non-Transferable** - Except as provided otherwise in this Section 8, or by applicable securities laws, Options are non-assignable and non-transferable.

**8.2 Death of Optionee** - If an Optionee dies, any Options held by such Optionee shall pass to the Qualified Successor of the Optionee, and shall be exercisable by the Qualified Successor until the earlier of a period of one year following the date of such death and the expiry of the Term of the Option.

**8.3 Disability of Optionee** - If the employment of an Optionee as an employee or Consultant of the Corporation or any Related Entity, or the employment of an Optionee as a Management Company Employee, or the position of an Optionee as a director or Executive Officer of the Corporation or any Related Entity, is terminated by reason of such Optionee's Disability, any Option held by such Optionee that could have been exercised immediately prior to such termination of service shall be exercisable by such Optionee, or by his Guardian, for a period of 90 days following the termination of service of such Optionee. If such Optionee dies within that 90 day period, any Option held by such Optionee that could have been exercised immediately prior to his or her death shall pass to the Qualified Successor of such Optionee, and shall be exercisable by the Qualified Successor until the earlier of a period of one year following the death of such Optionee and the expiry of the Term of the Option.

**8.4 Vesting** - Options held by a Qualified Successor or exercisable by a Guardian shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

**8.5 Unanimous Agreement** - If two or more persons constitute the Qualified Successor or the Guardian of an Optionee, the rights of such Qualified Successor or such Guardian shall be exercisable only upon the unanimous agreement of such persons



**8.6 Deemed Non-Interruption of Employment** - Employment shall be deemed to continue intact during any military or sick leave or other bona fide leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Optionee's right to reemployment with the Corporation or any Related Entity is guaranteed either by statute or has been agreed upon by contract. If the period of such leave exceeds 90 days and the Optionee's reemployment is not so guaranteed or agreed upon by contract, then his or her employment shall be deemed to have terminated on the ninety-first day of such leave.

## **9. TERMINATION OF OPTIONS**

**9.1 Termination of Options** - To the extent not earlier exercised or terminated in accordance with section 8 above, an Option shall terminate at the earliest of the following dates:

- (a) the expiry date specified for such Option in the Option Certificate;
- (b) where the Optionee's position as an employee, a Consultant, a director or an Executive Officer of the Corporation or any Related Entity or a Management Company Employee is terminated for just cause, the date of such termination for just cause;
- (c) where the Optionee's position as an employee, a Consultant, a director or an Executive Officer of the Corporation or any Related Entity or a Management Company Employee (other than a person employed to provide Investor Relations Activities), terminates for a reason other than the Optionee's Disability, death, or termination for just cause, 90 days after such date of termination, or in the case of a person employed to provide Investor Relations Activities, 30 days after such termination; PROVIDED that:
  - (i) if an Optionee's position changes from one of the said categories to another category, such change shall not constitute termination for the purpose of this subsection 9.1(c);
  - (iii) if the Corporation is designated as a "Tier 1" listed company by the TSX Venture Exchange, then upon the Optionee making written application to the Board or the Committee and receiving the written consent of the Board or the Committee, which consent may be given at the discretion of the Board or the Committee, at such later date as determined by the Board or the Committee which must be no later than the original expiry date of such Option when it was granted; and
- (d) the date of any sale, transfer, assignment or hypothecation, or any attempted sale, transfer, assignment or hypothecation, of such Option in violation of Section 8.1 above.

**9.2 Vesting** - Subject to the Board's right under Section 10.4, in the event an Optionee is terminated in circumstances described in subsection 9.1(c), then such Optionee's Option shall, during the 90 day or 30 day period (as applicable) prior to the termination of the Option, continue to vest in accordance with any vesting schedule to which such Option is subject.

**9.3 Lapsed Options** - If Options expire or are surrendered or otherwise terminated without being exercised in whole or in part, new Options may be granted covering the Shares not purchased under such Options. If an Option has been surrendered and a new Option has been granted to the same Optionee on different terms than the surrendered Option, then the new Option is subject to acceptance by the TSX Venture Exchange.

## 10. ADJUSTMENTS TO OPTIONS

**10.1 Alteration in Capital Structure** - If there is a material alteration in the capital structure of the Corporation resulting from a recapitalization, stock split, reverse stock split, stock dividend, or otherwise, the Committee shall make such adjustments to this Plan and to the Options then outstanding under this Plan as the Committee determines to be appropriate and equitable under the circumstances, so that the proportionate interest of the holder of each such Option shall, to the extent practicable, be maintained as before the occurrence of such event. Such adjustments may include, without limitation (a) a change in the number or kind of shares of the Corporation covered by such Options, and (b) a change in the Option Price payable per share; provided, however, that the aggregate Option Price applicable to the unexercised portion of existing Options shall not be altered, it being intended that any adjustments made with respect to such Options shall apply only to the price per share and the number of shares subject thereto. For purposes of this Section 10.1, neither (i) the issuance of additional shares of stock of the Corporation in exchange for adequate consideration (including services), nor (ii) the conversion of outstanding preferred shares of the Corporation into Shares shall be deemed to be material alterations of the capital structure of the Corporation.

**10.2 Corporate Reorganization** - In the event of a reorganization as defined in this Section 10.2 in which the Corporation is not the surviving or acquiring corporation, or in which the Corporation is or becomes a wholly-owned subsidiary of another corporation after the effective date of the reorganization, any Shares receivable on the exercise of an Option shall be converted into the securities, property or cash which the Optionee would have received upon such reorganization if the Optionee had exercised his Option immediately prior to the record date applicable to such reorganization, and the exercise price shall be adjusted proportionately by the Board and such adjustment shall be binding for all purposes of the Plan. For purposes of this Section 10.2, reorganization shall mean any statutory merger, plan of arrangement, statutory consolidation, sale of all or substantially all of the assets of the Corporation, or sale, pursuant to an agreement with the Corporation, of securities of the Corporation pursuant to which the Corporation is or becomes a wholly-owned subsidiary of another corporation after the effective date of the reorganization.

**10.3 Acceleration on Change of Control** - Upon a Change in Control, all Options shall become immediately exercisable, subject to prior written approval of the TSX Venture Exchange, notwithstanding any contingent vesting provisions to which such Options may have otherwise been subject. To the extent possible, the Committee shall give not less than 30 days' notice to Optionees of a Change in Control.

**10.4 Acceleration of Date of Exercise** - The Board, on the recommendation of the Committee, subject to prior written approval of the TSX Venture Exchange, shall have the right to accelerate the date of vesting of any installment of any Option which remains unvested.

**10.5 Determinations to be Made** - Adjustments and determinations under this Section 10 shall be made by the Board, on the recommendation of the Committee, and the Board's decisions as to the adjustments or determinations which shall be made, and the extent thereof, shall be final, binding, and conclusive.

**10.6 Effect of a Take-over** - If a *bona fide* offer (the "Offer") for Shares is made to an Optionee or to shareholders generally or to a class of shareholders which includes the Optionee, which Offer constitutes a take-over bid within the meaning of section 92 of the British Columbia *Securities Act*, as amended from time to time, the Corporation shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon any Option held by an Optionee may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Shares received upon such exercise (the "Optioned Shares") to the Offer. If:

- (a) the Offer is not completed within the time specified therein; or
- (b) all of the Optioned Shares tendered by the Optionee pursuant to the Offer are not taken up and paid for by the offeror pursuant thereto;

the Optioned Shares or, in the case of clause (b) above, the Optioned Shares that are not taken up and paid for, may be returned by the Optionee to the Corporation and reinstated as authorized but unissued shares and with respect to such returned Optioned Shares, the Option shall be reinstated as if it had not been exercised. If any Optioned Shares

are returned to the Corporation under this Section, the Corporation shall refund the exercise price to the Optionee for such Optioned Shares.

## **11. APPROVALS, TERMINATION AND AMENDMENT OF PLAN**

**11.1 Shareholder Approval of Plan** - This Plan is subject to annual approval by the TSX Venture Exchange and the shareholders of the Corporation.

The Corporation will obtain Disinterested Shareholder Approval of Options if the Plan, together with all of the Corporation's previously established and outstanding stock option plans or grants, could result at any time in the grant to insiders, within a 12 month period, of a number of Options exceeding 10% of the issued shares of the Company.

If required by a Regulatory Authority or by the Committee, this Plan may be made subject to the approval of a majority of the votes cast at a meeting of the shareholders of the Corporation or by a majority of votes cast by disinterested shareholders at a meeting of shareholders of the Corporation. Any Options granted under this Plan prior to such time will not be exercisable or binding on the Corporation unless and until such shareholder approval is obtained.

**11.2 Power to Terminate or Amend Plan** - Subject to the approval of any stock exchange on which the Corporation's securities are listed, the Board may terminate, suspend or amend the terms of the Plan; provided, however, that, except as provided in Section 10 above, and as long as the Corporation is a "reporting issuer" under the securities laws of any jurisdiction in Canada, the Board may not do any of the following without obtaining, within 12 months either before or after the Board's adoption of a resolution authorizing such action, approval ("**Shareholder Approval**") by the affirmative votes of the holders of a majority of the voting securities of the Corporation present, or represented, and entitled to vote at a meeting duly held in accordance with the applicable corporate laws, and, where required, by way of Disinterested Shareholder Approval:

- (a) increase the aggregate number of Shares which may be issued under the Plan;
- (b) materially modify the requirements as to eligibility for participation in the Plan; or
- (c) materially increase the benefits accruing to participants under the Plan.

However, the Board may amend the terms of the Plan or of an Option granted under the Plan where permitted under the rules of any applicable regulatory authority without obtaining Shareholder Approval to such amendment in circumstances other than as set forth above, including but not limited to:

- (c) amendments of a housekeeping nature to the Plan;
- (pp) a change to the vesting provisions of an Option or the Plan, subject to prior written approval of the TSX Venture Exchange; and
- (qq) a change to the termination provisions of an Option which does not entail an extension beyond the original expiry date of the Option.

**11.2 No Grant During Suspension of Plan** - No Option may be granted during any suspension, or after termination, of the Plan. Amendment, suspension or termination of the Plan shall not, without the consent of the Optionee, alter or impair any rights or obligations under any Option previously granted.

## 12. CONDITIONS PRECEDENT TO ISSUANCE OF SHARES

**12.1 Compliance with Laws** - Shares shall not be issued pursuant to the exercise of an Option unless the Shares are fully paid and non-assessable and the exercise of such Option and the issuance and delivery of such Shares shall comply with all relevant provisions of law, including, without limitation, the United States *Securities Act of 1933*, as amended, any applicable provincial or state securities or corporate laws, the rules and regulations promulgated thereunder and the requirements of any stock exchange upon which such Shares may then be listed or otherwise traded.

**12.2 Regulatory Approval to Issuance of Shares** - The Corporation's inability to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Corporation's counsel to be necessary to the lawful issuance and sale of any Shares issued under this Plan, shall relieve the Corporation of any liability with respect to the failure to issue or sell such Shares.

## 13. USE OF PROCEEDS

**13.1 Use of Proceeds** - Proceeds from the sale of Shares pursuant to the Options granted and exercised under the Plan shall constitute general funds of the Corporation and shall be used for general corporate purposes.

## 14. NOTICES

**14.1 Notices** - All notices, requests, demands and other communications required or permitted to be given under this Plan and the Options granted under this Plan shall be in writing and shall be either served personally on the party to whom notice is to be given, in which case notice shall be deemed to have been duly given on the date of such service; faxed or electronically transmitted, in which case notice shall be deemed to have been duly given on the date the facsimile or electronic transmission is sent; or mailed to the party to whom notice is to be given, by first class mail, registered or certified, return receipt requested, postage prepaid, and addressed to the party at his or its most recent known address, in which case such notice shall be deemed to have been duly given on the tenth postal delivery day following the date of such mailing.

## 15. MISCELLANEOUS PROVISIONS

**15.1 No Obligation to Exercise** - Optionees shall be under no obligation to exercise Options granted under this Plan.

**15.2 No Obligation to Retain Optionee** - Nothing contained in this Plan shall obligate the Corporation or any Related Entity to retain an Optionee as an employee, officer, director, or consultant for any period, nor shall this Plan interfere in any way with the right of the Corporation or any Related Entity to reduce such Optionee's compensation.

**15.3 Binding Agreement** - The provisions of this Plan and the terms set out in each Option Certificate with an Optionee shall be binding upon such Optionee and the Qualified Successor or Guardian of such Optionee.

**15.4 Use of Terms** - Where the context so requires, references herein to the singular shall include the plural, and vice versa, and references to a particular gender shall include either or both genders.

**15.5 Headings** - The headings used in this Plan are for convenience of reference only and shall not in any way affect or be used in interpreting any of the provisions of this Plan.

**15.6 No Representation or Warranty** - The Corporation makes no representation or warranty as to the future market value of any Shares issued or issuable in accordance with the provisions of this Plan.

**15.7 Governing Law** - This Plan shall be governed by and construed in accordance with the laws of the Province of British Columbia.

**16. EFFECTIVE DATE OF PLAN AND AMENDMENTS**

**16.1 Effective Date of Plan** - This Plan shall become effective on the date of its acceptance by the TSX Venture Exchange.

*“Bill Radvak”*

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Bill Radvak

President & CEO