

# **RENFORTH RESOURCES INC.**

## **MANAGEMENT INFORMATION CIRCULAR**

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# RENFORTH RESOURCES INC.

65 Front Street East, Suite 200, Toronto, Ontario, M5E 1B5

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an Annual General Meeting (“**Meeting**”) of the shareholders of Renforth Resources Inc. (the “**Corporation**” or “**Renforth**”) will be held on January 16, 2017 at 10:00am (Toronto time) at the offices of GARDINER ROBERTS LLP Bay Adelaide Centre - East Tower, 22 Adelaide Street West, Suite 3600, Toronto, Ontario M5H for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended December 31, 2015 and the auditors’ report thereon;
2. to elect directors for the ensuing year;
3. to appoint auditors for the ensuing year and to authorize the directors to fix their remuneration; and
4. to transact such further and other business as may properly be brought before the meeting or any adjournment thereof.

The Board of Directors has fixed December 2, 2016 as the Record Date for the determination of shareholders entitled to notice of, and to vote at, this Annual General Meeting and any adjournment thereof.

Accompanying this Notice of Meeting are the following documents: a Management Information Circular, dated as at December 7, 2016, Audited Annual Financial Statements for the Year Ended December 31, 2015, Form of Proxy, a Supplemental Mailing List Reply Form and a return envelope.

**A shareholder who is unable to attend the Meeting in person and who wishes to ensure that such shareholder’s shares will be voted at the Meeting, is requested to complete, date and execute the enclosed form of proxy and deliver it by facsimile, by hand or by mail in accordance with the instructions set out in the form of proxy and in the Management Information Circular.**

Dated in Toronto, Ontario this 7<sup>th</sup> day of December, 2016.

### BY ORDER OF THE BOARD

“*Nicole Brewster*” (signed)  
President and Chief Executive Officer  
Renforth Resources Inc.

**NOTES:**

1. Shareholders registered on the books of the Corporation at the close of business on December 2, 2016 are entitled to Notice of the Meeting.
2. A shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment or adjournments thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment or adjournments thereof. To be effective, the enclosed form of proxy must be mailed so as to reach or be deposited with the Corporation's transfer agent, Capital Transfer Agency Inc., located at 121 Richmond Street W., Suite 401, Toronto, ON M5H 2K1 not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournment or adjournments thereof.

# RENFORTH RESOURCES INC.

65 Front Street East, Suite 200, Toronto, Ontario, M5E 1B5

## MANAGEMENT INFORMATION CIRCULAR

For the Annual General Meeting of Shareholders to be held on January 16, 2017

### **PART 1 – VOTING & GENERAL PROXY INFORMATION**

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#### **SOLICITATION OF PROXIES**

The information contained in this management information circular (the “**Circular**”) is furnished to the holders of common shares of **Renforth Resources Inc.** (the “**Corporation**” or “**Renforth**”) in connection with the solicitation by management of the Corporation of proxies to be voted at the Annual General Meeting (the “**Meeting**”) of the shareholders (the “**Shareholders**”) to be held at 10:00am (Toronto time) on Tuesday, January 16, 2017 at the offices of GARDINER ROBERTS LLP Bay Adelaide Centre - East Tower, 22 Adelaide Street West, Suite 3600, Toronto, Ontario M5H, for the purposes set forth in the accompanying Notice of Annual General Meeting (the “**Notice of Meeting**”) and at any adjournment thereof. Unless otherwise stated the information provided in this Circular is provided as of December 13, 2016.

**The solicitation of proxies is made on behalf of the management of the Corporation.** Such solicitation will be made primarily by mail, but proxies may be solicited personally or by telephone by directors and officers of the Corporation, who will not be remunerated therefore. The costs incurred in the preparation and mailing of the form of proxy, Notice of Meeting and this Circular will be borne by the Corporation. The cost of the solicitation will also be borne by the Corporation.

The Corporation’s board of directors (the “**Board**” or the “**Board of Directors**”) has fixed the close of business on December 2, 2016 as the record date, being the date for the determination of the registered Shareholders entitled to receive notice of, and to vote at, the Meeting (the “**Record Date**”).

#### **APPOINTMENT OF PROXYHOLDERS**

The persons named in the enclosed form of proxy are directors and/or officers of the Corporation. **A Shareholder has the right to appoint, as proxyholder or alternate proxyholder, a person, persons or a Corporation (who need not be a Shareholder) to represent such Shareholder at the Meeting, other than any of the persons designated in the enclosed form of proxy, and may do so either by inserting the name of his chosen nominee in the space provided for that purpose on the form and striking out the other names on the form, or by completing another proper form of proxy.**

#### **DEPOSIT OF PROXY**

An appointment of a proxyholder or alternate proxyholders, by resolution of the directors duly passed, **WILL NOT BE VALID FOR THE MEETING OR ANY ADJOURNMENT THEREOF UNLESS IT IS DEPOSITED WITH THE CORPORATION’S TRANSFER AGENT, CAPITAL TRANSFER AGENCY INC., LOCATED AT 121 RICHMOND STREET W., SUITE 401, TORONTO, ONTARIO, M5H 2K1 NOT LATER THAN 48 HOURS (EXCLUDING SATURDAYS, SUNDAYS AND STATUTORY HOLIDAYS IN THE CITY OF TORONTO) PRIOR TO THE TIME SET FOR THE MEETING OR ANY ADJOURNMENT THEREOF.** The

Chairman of the Meeting may waive the proxy cut-off time without notice. A return envelope has been included with this material.

### **REVOCATION OF PROXIES**

A Shareholder who has given a proxy (“**Proxy**”) may revoke the Proxy:

- (a) by depositing an instrument in writing executed by the Shareholder or by the Shareholder’s attorney authorized in writing:
  - (i) with Capital Transfer Agency Inc., not less than 48 business hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used;
  - (ii) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the Proxy is to be used;
  - (iii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof;or
- (b) in any other manner provided by law.

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

### **EXERCISE OF DISCRETION**

A Shareholder forwarding the enclosed form of Proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the Shareholder giving the Proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The common shares in the capital of the Corporation (the “**Common Shares**”) represented by the Proxy submitted by a Shareholder will be voted or withheld from voting in accordance with the instructions, if any, of the Shareholder on any ballot that may be called for. If the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly by the Proxy.

**In the absence of such direction in respect of a particular matter, such Common Shares will be voted in favour of such matter. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.**

As of the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. However, if any such amendments, variations or other matters which are not now known to the management of the Corporation should properly come before the Meeting, the Common Shares represented by the Proxies hereby solicited will be voted thereon in accordance with the best judgment of the person or persons voting such Proxies.

### **NON-REGISTERED HOLDERS**

Only registered holders of Common Shares of the Corporation or the persons they appoint as their proxies are permitted to vote at the Meeting. Many Shareholders are “non-registered” Shareholders (“**Non-Registered Shareholders**”) because the Common Shares they own are not registered in their names but are instead either (i) registered in the name of an intermediary (the “**Intermediary**”) that the Non-Registered Shareholder deals with in respect of the Common Shares, such as, among others, brokerage firms, banks, trust companies, securities dealers or brokers and trustees or administrators of self-

administered RRSPs, RRIFs, RESPs and similar plans, or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant. **A non-registered owner cannot be recognized at the Meeting for the purposes of voting his or her shares unless such holder is appointed by the applicable Intermediary as a proxyholder.**

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice of Meeting, this Circular, the Audited Annual Financial Statements and the enclosed form of proxy (collectively the “**Meeting Materials**”) to Intermediaries and clearing agencies for onward distribution to Non-Registered Shareholders of Common Shares.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. A Non-Registered Shareholder who has not waived the right to receive the Meeting Materials will either be given:

- (a) a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service Corporation** in accordance with the directions of the Intermediary, will constitute voting instructions which the Intermediary must follow; or
- (b) a form of Proxy **which has already been signed by the Intermediary** (typically a facsimile signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. This form of Proxy does not require the Intermediary to sign when submitting the Proxy. In this case the Non-Registered Shareholder who wishes to submit a Proxy should properly complete the form of Proxy and **deposit it with the Corporation, care of Capital Transfer Agency Inc., located at 121 Richmond Street W., Suite 401, Toronto, Ontario, M5H 2K1.**

In either case, the purposes of these procedures are to permit the Non-Registered Shareholder to direct the voting of the Common Shares that the Non-Registered Shareholder beneficially owns. Should a Non-Registered Shareholder wish to attend and vote at the Meeting in person, (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder may appoint themselves as the proxy nominee by striking out the persons named in the form of proxy or voting instruction form and writing their own name on the form of proxy or voting instruction form provided to them by the Intermediary and following the Intermediary's instructions for return of the executed form of proxy or voting instruction form.

**The Non-Registered Shareholder should carefully follow the instructions of his or her Intermediary, including those regarding when and where the Proxy or voting instructions form is to be delivered.**

A Non-Registered Shareholder may revoke a Proxy or voting instructions form given to an Intermediary by contacting the Intermediary through which the Non-Registered Shareholder's Common Shares are held and following the instructions of the Intermediary respecting the revocation of Proxies. In order to ensure that an Intermediary acts upon a revocation of a Proxy or voting instruction form, the written notice should be received by the Intermediary well in advance of the Meeting.

**As more particularly outlined below under the heading “Notice and Access”, the Meeting Materials will be sent to Non-Registered Shareholders using the Notice-and-Access Provisions.**

## NOTICE AND ACCESS

The Corporation is utilizing the notice-and-access mechanism (the “**Notice-and-Access Provisions**”) that came into effect on February 11, 2013 under NI 54-101 and NI 51-102 for distribution of this Circular to all registered Shareholders and Non-Registered Shareholders.

The Notice-and-Access Provisions are a set of rules that allow reporting issuers to post electronic versions of proxy-related materials (such as proxy circulars and annual financial statements) on-line, via the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) and one other website, rather than mailing paper copies of such materials to Shareholders. Electronic copies of the Circular, the Audited Annual Financial Statements of the Corporation for the year ended December 31, 2015 and the auditors’ report thereon, together with the related management’s discussion and analysis (the “**Financial Statements**”) may be found on the Corporation’s SEDAR profile at [www.sedar.com](http://www.sedar.com) and also on [www.capitaltransferagency.com](http://www.capitaltransferagency.com). The Corporation will not use procedures known as “stratification” in relation to the use of Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of this Circular to some Shareholders with the notice package. In relation to the Meeting, all Shareholders will receive the required documentation under the Notice-and-Access Provisions, which will not include a paper copy of this Circular. **Shareholders are reminded to review this Circular before voting.**

Although this Circular and the Financial Statements will be posted electronically on-line as noted above, Shareholders will receive paper copies of a “notice package” via prepaid mail containing a notice with information prescribed by NI 54-101 and NI 51-102, a form of proxy or voting instruction form, and supplemental mail list return card for Shareholders to request they be included in the Corporation’s supplementary mailing list for receipt of the Corporation’s interim financial statements for the 2016 fiscal year.

The Corporation anticipates that notice-and-access will directly benefit the Corporation through a substantial reduction in both postage and material costs, and also promote environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials.

Shareholders with questions about notice-and-access can collect call the Corporation’s transfer agent Capital Transfer Agency Inc. at 416-350-5007. Shareholders may also obtain paper copies of this Circular and the Financial Statements free of charge by contacting Capital Transfer Agency Inc. at the same number or upon request to the Corporation.

A request for paper copies which are required in advance of the Meeting should be sent so that they are received by the Corporation or Capital Transfer Agency Inc. by January 6, 2017 in order to allow sufficient time for Shareholders to receive their paper copies and to return a) their form of proxy to the Corporation or Capital Transfer Agency Inc., or b) their voting instruction form to their Intermediaries by its due date.



## **PART 2 - VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

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The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value and an unlimited number of non-voting, redeemable, retractable preference shares (“**Preference Shares**”). As of December 7, 2016, the Corporation has issued and outstanding **75,451,172** fully paid and non-assessable Common Shares and no Preference Shares. All of the outstanding Common Shares are entitled to be voted at the Meeting and, unless otherwise stated herein, each resolution identified in the accompanying Notice of Meeting will be an ordinary resolution requiring for its approval a majority of the votes in respect of the resolution.

The Record Date for the Meeting is December 2, 2016. Each holder of Common Shares is entitled to one vote for each Common Share shown as registered in such holder’s name on the list of Shareholders prepared as of the close of business on December 2, 2016 with respect to all matters to be voted on at the Meeting.

However, in the event of a transfer of Common Shares by any such holder after such date, the transferee is entitled to vote those Common Shares if such transferee produces a certificate in his or her name or properly endorsed share certificates or otherwise establishes that such transferee owns the Common Shares, and requests, not later than ten days before the Meeting, that the Corporation’s transfer agent, Capital Transfer Agency Inc., include the transferee’s name in the list of Shareholders entitled to vote at the Meeting.

To the knowledge of the directors and senior officers of the Corporation, no person beneficially owns, directly or indirectly, or exercises control over, Common Shares carrying more than 10% of the voting rights attached to the outstanding Common Shares of the Corporation.

## **PART 3 - THE PARTICULARS OF MATTERS TO BE ACTED UPON**

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### **1. FINANCIAL STATEMENTS**

The audited consolidated financial statements of Renforth for the year ended December 31, 2015, a copy of which is included with this Information Circular, will be placed before you at the meeting.

### **2. ELECTION OF DIRECTORS**

The articles of the Corporation provide that the Board shall consist of a minimum of one and a maximum of 10 directors, the number of which may be fixed from time to time by a resolution of the Board. Prior to last year’s shareholders’ meeting, the Board set the number of directors to be elected at five and the Corporation currently has five directors. The number of directors of the Corporation proposed to be elected at the Meeting is five. The term of office of the current directors will end at the conclusion of the Meeting. Unless a director’s office is earlier vacated in accordance with the provisions the *Business Corporations Act* (Ontario), each director will hold office until the conclusion of the next annual meeting of the Corporation or, if no director is then elected, until a successor is elected.

The following table sets out the names of management’s nominees for election as directors at the Meeting, each nominee’s principal occupation, business or employment, the period of time during which each has been a director of the Corporation, the number of Common Shares beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at December 2, 2016, and the number of options/warrants to purchase Common Shares of the Corporation held by each as at December 2, 2016.

<b>Name and Residence</b>	<b>Principal Occupation</b>	<b>Director Since</b>	<b>Number Common Shares Held or Beneficially Owned<sup>(7)</sup></b>	<b>Number Options/Warrants to purchase Common Shares</b>
Nicole Brewster <sup>(3)(4)</sup> Ontario, Canada <sup>(3)(4)</sup>	Managing Partner, Minroc Management Limited.	April 10, 2012	5,471,500	1,600,000
Wally Rudensky <sup>(1)(2)</sup> Ontario, Canada	Partner at MNP LLP	April 10, 2012	Nil	875,000
David Wahl <sup>(1)(2)(3)</sup> Ontario, Canada	President of Southampton Associates Inc	June 25, 2012	Nil	975,000
John Webster	Mining executive	November 11, 2014	Nil	525,000
Judi Wood <sup>(1)(2)</sup> Ontario, Canada	Retired Managing Director of HSBC, Corporate and Institutional Banking	July 24, 2006	138,000	725,000

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Corporate Governance & Nominating Committee.
- (4) These shares are owned by Ms. Brewster directly and indirectly through a corporation owned by her.
- (5) Information as to ownership of shares has been taken from the list of registered shareholders maintained by Capital Transfer & Trust Corporation, from insider reports filed by the individuals and available through the Internet on the System for Electronic Disclosure by Insiders (SEDI), or has been provided by the individuals.

**Nicole Brewster** has a successful private corporation background in the mineral exploration industry, both as a property owner, an exploration contractor and a management consultant. In addition to certain technical abilities within this field, Ms. Brewster is a hands on business person comfortable operating and managing private companies within regulatory framework and requirements within the exploration industry, both private and public, including environmental and labour legislation, QA/QC and best practices for exploration, in conjunction with and to the benefit of affected local communities, in both Canada and other jurisdictions around the world. Ms. Brewster is the managing partner, in charge of the business affairs, of two exploration contracting companies, and maintains a role in other private companies. Ms. Brewster, has been a founder of, and initially involved in the operations of, private companies which have gone on to be public through take-over or merger transactions.

**Wally Rudensky** has been a chartered accountant since 1982 and is a partner at MNP LLP, Chartered Accountants. His professional background has been in the taxation and corporate finance areas. Wally has also acted as CFO and director for a number of private and publicly traded companies in the energy sector, utilizing his skills in finance, tax and administration. Wally graduated from Ryerson University, has lectured on taxation at the Canadian Institute of Chartered Accountants as well as various Universities, and has made presentations at numerous business seminars and conferences.

**David Wahl** is a graduate of the Colorado School of Mines with a degree of “*Engineer of Mines*”. Over his 45 year professional career he has examined mineral properties on six continents and in 70 countries. As President of Southampton Associates Inc, a mineral and venture capital consultancy he founded in 1995, Mr. Wahl has been a technical advisor to Canadian financial institutions, provincial and federal government agencies, national legal and accounting firms and Canadian private and public exploration

and mining companies. Over the past 25 years, Mr. Wahl has served as a Director of numerous publicly listed companies. Mr. Wahl is a Director of Li 3 Energy Inc., a chemical company developing an advanced lithium/potash brine project on Salar Maricunga in Chile. Mr. Wahl is an accredited member of the Professional Engineers of Ontario (specialist designation in *Geological - Exploration and Development*), the Professional Geoscientists of Ontario and the Institute of Corporate Directors (certification in "*Financial Literacy*").

**Judi Wood** has over 35 years of banking experience in the United Kingdom and Canada. Her experience has primarily involved merchant banking and corporate finance for multinational corporations and various financial institutions. Her responsibilities have involved corporate lending, international trade and global markets, including foreign exchange, derivatives and money markets. Ms. Wood has worked with Charterhouse in the UK and two major Canadian investment dealers. Ms. Wood joined Barclays Bank of Canada in 1975 where she was Senior Vice President Treasury, Chairperson of the Asset/Liability Committee and a member of the Management Committee. Upon the merger of Barclays Bank of Canada with the Hong Kong Bank of Canada in 1995, Ms. Wood joined the Hong Kong Bank of Canada. Prior to her retirement in 2005, she held the position of Managing Director, Corporate and Institutional Banking. Ms. Wood was educated in the UK and was a Director of Barclays Leasing Corporation.

**John Webster**, a graduate from the Camborne School of Mines, is a results oriented mining executive with 34 years in global corporate management, project development, mining operations, with senior roles in international private and listed companies. Highly innovative in mining, construction, processing and environmental techniques, Mr. Webster is focused on corporate growth by utilizing highly efficient technologies for cost reduction, performance and safety improvements.

### **Cease Trade Orders or Bankruptcies**

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

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

### **Personal Bankruptcies**

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

## **Recommendation**

Management recommends that shareholders vote in favour of the nominees for election as directors. **Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the election of the five nominees as directors of Renforth for the ensuing year.**

### **3. APPOINTMENT AND REMUNERATION OF AUDITORS**

Shareholders are requested by management to approve a resolution to re-appoint McGovern Hurley Cunningham LLP, Chartered Accountants, as auditors of the Corporation until the next annual meeting of Shareholders and to authorize the directors to fix their remuneration. McGovern Hurley Cunningham LLP was first appointed as auditors of the Corporation on August 20, 2008.

## **Recommendation**

Management recommends that shareholders vote in favour of the re-appointment of McGovern Hurley Cunningham LLP, Chartered Accountants as Renforth's auditor for the ensuing year and in favour of granting the Board the authority to determine the auditor's remuneration. **Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the appointment of McGovern Hurley Cunningham LLP to act as auditor of Renforth until the close of our next annual meeting and also intend to vote FOR the proposed resolution authorizing the Board to fix the auditor's remuneration.**

## **PART 4 – EXECUTIVE COMPENSATION**

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Unless otherwise stated, “dollars” or “\$” means Canadian dollars.

### **COMPENSATION DISCUSSION AND ANALYSIS**

This section of the Circular explains how the Corporation's executive compensation program is designed and operated with respect to the Corporation's named executive officers (“NEOs”) and each an (“NEO”) defined as follows:

- a) the individual who acted as the Corporation's Chief Executive Officer (“CEO”) or acted in a similar capacity for any part of the most recently completed financial year;
- b) the individual who acted as the Corporation's Chief Financial Officer (“CFO”) or acted in a similar capacity for any part of the most recently completed financial year;
- c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000; and
- d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year.

The following disclosure sets out the compensation that the Board intended to pay, make payable, award, grant give or otherwise provide to each NEO and director for the financial year ended December 31, 2015.

This section also identifies the objectives and material elements of compensation awarded to the NEOs and the reasons for the compensation. For a complete understanding of the executive compensation program, this Compensation Discussion and Analysis should be read in conjunction with the Summary Compensation Table and other executive compensation-related disclosure included in this Circular.

The philosophy of the Compensation Committee of the Board of Directors of the Corporation (the “**Compensation Committee**”) is to determine compensation for the Corporation’s executive officers relative to the performance of the Corporation in executing on its objectives. The Compensation Committee has the responsibility for, among other things, establishing, reviewing and recommending to the Board compensation and incentive plans and programs and reviewing and approving compensation and awards under compensation and incentive plans and programs for the CEO, CFO and senior officers, with the intention of attracting, retaining and appropriately rewarding officers in order to motivate their performance in the achievement of the Corporation’s business objectives and aligning their interest with the long-term interests of the shareholders of the Corporation.

No written employment agreement is currently in place between the Corporation and the CEO. The service of the CEO is provided through an unwritten agreement between the Corporation and the CEO. The CEO and the Compensation Committee are currently engaged in discussions to formalize this into a written agreement. The service of the CFO is provided indirectly through a management services agreement between the Corporation and CFO Advantage Inc. (a Corporation owned by the CFO).

The Compensation Committee will meet as often as the Chair shall determine to be necessary or appropriate. The Board of Directors, upon the advice of the Compensation Committee, determines executive compensation for the Corporation. The Board of directors is responsible for establishing and monitoring the Corporation’s long range plans and programs for attracting, retaining, developing and motivating employees, with input from the Compensation Committee as required. The Compensation Committee reviews recommendations for the appointment of persons to senior executive positions, considers terms of employment including succession planning and matters of compensation. The Corporation has adopted an incentive stock option plan that complies with the policies of the CSE. The Corporation’s compensation policies and programs are designed to recognize and reward executive performance consistent with the success of the Corporation’s business.

The significant objectives, elements and formula for compensation to be awarded to, earned by, paid to, or payable to NEOs for the year ended December 31, 2015, were to:

- (i) attract and retain experienced and talented executive officers;
- (ii) inspire excellence in the performance of executive officers; and
- (iii) align shareholder and executive officer interests.

Compensation of the NEO’s is composed primarily of base fees and stock based compensation.

Other than as disclosed below, at the end of the most recently completed fiscal year, the Corporation had no other Named Executive Officers.

## **NAMED EXECUTIVE OFFICERS**

The CEO and President at the end of the most recently completed financial year-end was Nicole Brewster. The CFO at the end of the most recently completed financial year-end was Kyle Appleby.

## **OBJECTIVES OF THE COMPENSATION PROGRAM**

The objectives of the Corporation's executive compensation program are to attract and retain the key executives necessary for the Corporation's long term success; to encourage executives to further the development of the Corporation and its operations; to motivate qualified and experienced executives; to reward individual contributions in light of overall business results and to align the interests of the executives with the interests of the shareholders. The key elements of the executive compensation program are a base salary and incentive stock options.

## **ELEMENTS OF EXECUTIVE COMPENSATION**

In the future, it is intended that Total Direct Compensation will be represented by the combined value of fixed compensation and performance-based variable incentive compensation, comprised of a base salary, short-term incentive in the form of an annual cash bonus, and long-term incentives in the form of stock options. Currently, only base salary and stock options are used in administering Total Direct Compensation. The allocation of Total Direct Compensation value to these different compensation elements is not based on a formula, but rather is intended to reflect market practices as well as the Compensation Committee's discretionary assessment of an executive officer's past contribution and ability to contribute to future short and long-term business results.

### **Base Fees**

Base Fees form an essential component of the Corporation's compensation strategy as they are key to the Corporation remaining competitive, are fixed and therefore not subject to uncertainty, and can be used as the base to determine other elements of compensation and benefits.

In determining the base fees of executive officers, the Board of Directors considers the following:

- (a) the recommendations of the President and Chief Executive Officer of the Corporation (other than with respect to the compensation of the President and Chief Executive Officer);
- (b) the particular responsibilities related to the position;
- (c) the experience, expertise and level of the executive officer;
- (d) the executive officer's length of service to the Corporation; and
- (e) the executive officer's overall performance based on informal feedback.

There is no mandatory framework that determines which of the above-referenced factors may be more or less important and the emphasis placed on any of these factors is at the discretion of the Board of Directors and may vary among the executive officers. In respect of the base fees paid to the President and Chief Executive Officer, the Board of Directors also broadly considered the performance of the President and Chief Executive Officer against the Corporation's performance in the previous year. The Corporation does not engage in benchmarking and did not focus on any particular performance metric.

### **Short-term Incentives**

Currently the Corporation does not have a bonus plan.

## **Long-term Incentives**

The Board of Directors believes that granting stock options to officers, directors, and consultants encourages retention and more closely aligns the interests of such key personnel with the interests of shareholders while at the same time not drawing on the limited cash resources of the Corporation. The Corporation does not utilize a set of formal objective measures to determine long-term incentive entitlements, rather, long-term incentive grants, such as stock options, to NEOs are determined in a discretionary manner on a case by case basis, but having consideration to the number of options previously granted. There are no other specific quantitative or qualitative measures associated with option grants and no specific weights are assigned to any criteria individually, rather, the performance of the Corporation is broadly considered as a whole when determining the number of stock based compensation (if any) to be granted and the Corporation does not focus on any particular performance metric.

During the financial year ended December 31, 2015, the Corporation granted options to the following officers and directors of the Corporation: Nicole Brewster, David Wahl, Denis Simard, Wally Rudensky, Judi Wood and Kyle Appleby.

The dollar value ascribed to option to the NEO's and Directors represents non-cash consideration and was estimated using the Black-Scholes Model as at the date of grant.

## **STOCK OPTIONS**

### **Stock Option Granting Process**

Typically, stock option grants are determined annually. It is the intention of the Corporation to resume this practice. In some circumstances, the CEO makes recommendations to the Compensation Committee regarding individual stock option awards for all recipients. In other circumstances, the Compensation Committee makes its own recommendations to the Board.

The CEO does not engage in discussions with the Compensation Committee regarding her own stock option grants. The Compensation Committee deliberate and consider relevant market data and other information in order to determine the CEO's stock option grant recommendation to the Board.

The Compensation Committee reviews the appropriateness of the stock option grant recommendations from the CEO for all eligible employees and accepts or adjusts these recommendations. The Compensation Committee is responsible for approving all individual stock option grants, including grants that are awarded outside the annual compensation deliberation process for such things as promotions or new hires. The Compensation Committee is also responsible for recommending to the Board for its approval any stock option grants for executive officers.

The Compensation Committee approves or recommends compensation awards, including stock option grants, which are not contingent on the number, term or current value of other outstanding compensation previously awarded to the individual.

### **Stock Option Plan Amendments**

The Board has the authority to discontinue the stock option plan at any time subject to shareholder approval. The Board may also make certain amendments to the plan without shareholder approval, including such items as setting the vesting date of a given grant and changing the expiry date of an outstanding stock option which does not entail an extension beyond the original expiry date. No

amendments can be made to the stock option plan that adversely affect the rights of any option holder regarding any previously granted options without the consent of the option holder.

Management does not have a right to amend, suspend or discontinue the stock option plan. The stock option plan also provides that certain amendments be approved by the shareholders of the Corporation.

### **Other Compensation**

Currently the Corporation does not have any other forms of compensation.

## **HOW THE CORPORATION DETERMINES COMPENSATION**

### **The Role of the Compensation Committee**

The Compensation Committee approves, or recommends for approval, all compensation to be awarded to the NEOs. The Compensation Committee directs management to gather information on its behalf, and provide initial analysis and commentary. The Compensation Committee reviews this material along with other information received from external advisors, if any, in its deliberations before considering or rendering decisions. The Compensation Committee has full discretion to adopt or alter management recommendations or to consult its own external advisors.

The Compensation Committee believes it is important to follow appropriate governance practices in carrying out its responsibilities with respect to the development and administration of executive compensation and benefit programs. Governance practices followed by the Compensation Committee include holding in-camera sessions without management present and, when necessary, obtaining advice from external consultants.

### **Members of the Compensation Committee**

The Corporation is required to have a Compensation Committee comprised of not less than three directors. The Corporation's Compensation Committee currently consists of: Wally Rudensky as Chair, David Wahl and Judi Wood. All are considered independent.

### **The Role of Management**

Management has direct involvement in and knowledge of the business goals, strategies, experiences and performance of the Corporation. As a result, management plays an important role in the compensation decision-making process. The Compensation Committee engages in discussions with the CEO concerning the determination of Total Direct Compensation for other NEO's. If and when requested, the CEO will also provide input concerning performance objectives, including individual goals and initiatives for NEOs, and whether, and to what extent, criteria for the previous year have been achieved for those individuals. The CEO may also provide a self-assessment of his or her own individual performance objectives and/or results achieved, if requested by the Compensation Committee.

The CEO makes recommendations to the Compensation Committee regarding the amount and type of compensation awards for other members of executive management. The CEO does not engage in discussions with the Compensation Committee regarding his own Total Direct Compensation.

At present the CEO does not have a written employment agreement in place and is engaged in discussions with the Compensation Committee with respect to matters to be included in such an agreement. The CEO has provided the Compensation Committee with relevant market data and other information as requested, in order to support the Compensation Committee's deliberations regarding the CEO's Total Direct



Compensation, employment agreement and subsequent recommendation to the Board. At present the CFO has a consulting agreement in place.

### **Performance Assessment**

Rather than strictly applying formulas and weightings to forward-looking performance objectives, which may lead to unintended consequences for compensation purposes, the Compensation Committee exercises its discretion and uses sound judgment in making compensation determinations. For this reason, the Compensation Committee does not measure performance using any pre-set formulas in determining compensation awards for NEOs.

The Compensation Committee's assessment of the overall business performance of the Corporation, including corporate performance against objectives (both quantitative and qualitative), business circumstances and, where appropriate, relative performance against peers, provides the context for individual executive officer evaluations for all direct compensation awards.

### **Corporate Performance**

In the future, it is the intention that the Corporation's Board of Directors will approve annual corporate objectives in line with the Corporation's key longer-term strategies for growth and value creation. These quantitative and qualitative objectives will then be utilized by the Compensation Committee as a reference when making compensation decisions.

At least annually, it is the intention of the Compensation Committee to review the results achieved and discuss them with management. For the purposes of Total Direct Compensation deliberations, the Compensation Committee will then determine an overall rating for actual corporate performance relative to an expected level of performance. This overall corporate performance rating will provide general context for the Compensation Committee's review of individual performance by the NEOs.

### **Individual Performance**

In the future, the Compensation Committee intends to approve annual individual performance objectives for the NEOs that are intended to align with the corporate objectives and reflect key performance areas for each executive relative to his or her specific role. As with the corporate objectives, individual executive officer's performance objectives may include a combination of quantitative and qualitative measures with no pre-determined weightings. The Compensation Committee, in consultation with the CEO, reviews the achievements and overall contribution of each individual Executive Officer who reports to the CEO. The Board Chair and Compensation Committee have discussions to complete an independent assessment of the performance of the CEO. The Compensation Committee then determines an overall individual performance rating for each individual Executive Officer and considers this rating in determining Total Direct Compensation.

The Compensation Committee also considers the retentive potential of its compensation decisions. Retention of the NEOs is critical to business continuity and succession planning.

### **Previously Awarded Compensation**

The Compensation Committee approves or recommends compensation awards which are not contingent on the number, term or current value of other outstanding compensation previously awarded to the individual.

The Compensation Committee believes that reducing or limiting current stock option grants or other forms of compensation because of prior gains realized by an executive officer would unfairly penalize the officer and reduce the motivation for continued high achievement. Similarly, the Compensation Committee does not purposely increase long-term incentive award values in a given year to offset less-than-expected returns from previous grants.

During the annual Total Direct Compensation deliberations, the Compensation Committee is provided with summaries of the history of each Executive Officer's previously awarded Total Direct Compensation. These summaries help the Compensation Committee to track changes in an Executive Officer's Total Direct Compensation from year to year and to remain aware of the historical compensation for each individual.

### SUMMARY COMPENSATION TABLE

The CEO and the CFO are retained by the Corporation pursuant to a consulting contract which sets out the base salary. No targets have been set for bonuses or other remuneration.

#### Summary Compensation Table for the Financial Year Ended December 31, 2015

The following table sets forth the total compensation paid in respect to the NEOs of the Corporation during the fiscal year ended December 31, 2015.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Nicole Brewster, President and CEO <sup>(6)</sup>	2015	120,000 <sup>(1)</sup>	Nil	5,150 <sup>(2)</sup>	Nil	Nil	Nil	Nil	125,150
	2014	120,000 <sup>(1)</sup>	Nil	16,500 <sup>(3)</sup>	Nil	Nil	Nil	Nil	136,500
Kyle Appleby CFO	2015	60,000 <sup>(4)</sup>	Nil	3,000 <sup>(2)</sup>	Nil	Nil	Nil	Nil	63,000
	2014	60,000 <sup>(4)</sup>	Nil	11,000 <sup>(3)</sup>	Nil	Nil	Nil	Nil	71,000

Notes:

- (1) Compensation to Ms. Brewster has been charged through Billiken Management Services Inc. Nicole Brewster is a shareholder of Billiken Management Services Inc.
- (2) The fair value of stock options granted during the 2015 financial year is based on the Black-Scholes valuation model on the grant date under the following assumptions: expected dividend yield 0%, expected volatility 150% – 176%, risk free interest rate of 0.78% and an expected life of 5 years. The options vested on the date of grant.
- (3) The fair value of stock options granted during the 2014 financial year is based on the Black-Scholes valuation model on the grant date under the following assumptions: expected dividend yield 0%, expected volatility 150%, risk free interest rate of 1.50% and an expected life of 5 years. The options vested on the date of grant.
- (4) Compensation to Mr. Appleby has been paid as consulting fees pursuant to a consulting agreement with CFO Advantage Inc. (a Corporation owned by Mr. Appleby).

## LONG TERM INCENTIVE PLAN

Long-term incentive plans (“LTIPs”) means any plan providing compensation intended to serve as an incentive for performance to occur over a period longer than one financial year, whether performance is measured by reference to financial performance of an issuer or an affiliate of an issuer, or the price of the issuer’s shares, but does not include option or stock appreciation rights plans or plans for compensation through restricted shares or units.

The Corporation currently has no LTIPs in place.

## STOCK APPRECIATION RIGHTS

Stock appreciation rights (“SARs”) means a right, granted by an issuer or any of its subsidiaries as compensation for services rendered or in connection with an office or employment, to receive a payment of cash or an issue or transfer of securities based wholly or in part on changes in the trading price of the issuer’s shares. Currently, there are no SARs of the Corporation outstanding.

### Outstanding Option-Based Awards as at December 31, 2015

The following table sets forth the outstanding option-based awards granted to Named Executive Officers of the Corporation for the year ended December 31, 2015.

Name and principal position	Option-based Awards					Share-based Awards		
	Grant Date	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Nicole Brewster, CEO	June 19, 2013	500,000	0.10	June 18, 2018	Nil	Nil	Nil	Nil
	May 28, 2014	300,000	0.13	May 28, 2019	Nil	Nil	Nil	Nil
	Feb 26, 2015	150,000	0.05	Feb 26, 2020	Nil	Nil	Nil	Nil
	Aug 7, 2015	200,000	0.09	Aug 7, 2020	Nil	Nil	Nil	Nil
Kyle Appleby, CFO	April 20, 2012	50,000	0.25	April 20, 2017	Nil	Nil	Nil	Nil
	June 19, 2013	200,000	0.10	June 18, 2018	Nil	Nil	Nil	Nil
	May 28, 2014	200,000	0.06	May 28, 2019	Nil	Nil	Nil	Nil
	Feb 6, 2015	100,000	0.05	Feb 26, 2020	Nil	Nil	Nil	Nil
	Aug 7, 2016	100,000	0.09	Aug 7, 2020	Nil	Nil	Nil	Nil

Note:

(1) Calculated based on the difference between the closing market price of the common shares on the last trading day of the most recently completed financial year (being \$0.01) and the exercise price of the options on that date.

### Incentive Plan Awards – Value Vested or Earned During the Financial Year Ended December 31, 2015

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to Named Executive Officers during the most recently completed financial year. The aggregate value of the option based awards vested during the year is based on the difference between the Corporation share price on the vesting day of any options that vested during the financial year ended December 31, 2015 and the exercise price of the options.

Name and principal position	Option based awards – Value vested during the year (\$)	Share based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year
Nicole Brewster, President & CEO	Nil	Nil	Nil
Kyle Appleby, CFO	Nil	Nil	Nil

### Pension Plan Benefits

The Corporation does not currently have 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

Currently, there are no agreements in place which provide for a payment to an NEO in the event that the NEO is terminated other than for cause, or in the event that a triggering event associated with a change of control of the Corporation occurs.

## COMPENSATION OF DIRECTORS

### Director Compensation

The Corporation currently has five directors, one of which was an NEO for the recently completed fiscal year ended December 31, 2015. For a description of the compensation paid to the Corporation's NEO who also acts as a director, see "Summary Compensation Table".

The following table sets forth the compensation awarded, paid to or earned by the directors of the Corporation during the most recently completed fiscal year ended December 31, 2015. Directors of the Corporation that are also officers or employees of the Corporation are not compensated for service on the Board of Directors, therefore no fees are payable to Nicole Brewster for her service as a director of the Corporation.

Name	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
David Wahl	Nil	Nil	2,150	Nil	Nil	Nil	2,150
Wally Rudensky	Nil	Nil	2,150	Nil	Nil	Nil	2,150
Denis Simard	Nil	Nil	4,100	Nil	Nil	Nil	4,100
Judi Wood	Nil	Nil	2,150	Nil	Nil	Nil	2,150
John Webster	Nil	Nil	4,700	Nil	Nil	Nil	4,700

Notes:

The Corporation used the Black Scholes model as the methodology to calculate the grant date fair value and relied on the following key assumptions and estimates for each calculation; Dividend yield 0%, expected volatility 150-176%, risk free rate of return 1.50% and expected life of 5 years. This method was chosen as it is a recognized standard for valuations.

The Corporation has no arrangements, standard or otherwise, pursuant to which Directors are compensated by the Corporation or its subsidiaries for their services in their capacity as Directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year, except as disclosed in the table below.

## DIRECTOR OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS

The Board considers option grants to directors at the time a director joins the board and annually following the annual shareholders meeting, if available granting room exists under the terms of the Stock Option Plan. Option grants to directors are intended as a long term incentive.

The vesting period of the stock option plan is equal instalments on a quarterly basis for a 12 month period. During the year ended December 31, 2015, 650,000 stock options were granted to officers and directors of the Corporation at an exercise price of \$0.05, and a term of 5 years, and 950,000 stock options were granted to officers and directors of the Corporation at an exercise price of \$0.09, and a term of 5 years.

Options are offered to directors to purchase Common Shares at an exercise price equal to or above the market price for the Common Shares on the date that the options are granted.

The Corporation grants incentive share purchase Options to directors, senior officers and employees as an incentive for their participation in the growth of the Corporation. In such cases where a professionally qualified Director is requested by the Board to perform such services for the Corporation as he is professionally qualified to perform compensation may be authorized by the Board to be paid to that Director at the recognized and standard rates of that profession. If the Corporation were not paying these directors for professional services, it would have to retain external service providers to perform such services. All transactions with related parties are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to between the Corporation and the related party.

### Incentive Plan Awards

The table below shows the number of stock options outstanding for each director and their value at December 31, 2015 based on the last trade of the Common Shares on the CSE prior to the close of business on December 31, 2015 of \$0.01.

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

The following table sets forth the outstanding option and share based awards of directors of the Corporation as of December 31, 2015.

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options <sup>(1)</sup> (\$)	Number of Shares or Units of Shares that Have Not Vested (\$)	Market or Payout Value of Share-Based Awards that Have Not Vested (\$)	Market or payout value of vested share-based awards not paid out or distributed
Nicole Brewster	300,000	0.06	May 28/19	Nil	Nil	Nil	Nil
	500,000	0.10	June 18/18	Nil	Nil	Nil	Nil
	150,000	0.05	Feb 26/20	Nil	Ni	Nil	Nil

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options <sup>(1)</sup> (\$)	Number of Shares or Units of Shares that Have Not Vested (\$)	Market or Payout Value of Share-Based Awards that Have Not Vested (\$)	Market or payout value of vested share-based awards not paid out or distributed
	200,000	0.09	Aug 7/20	Nil	Nil	Nil	Nil
David Wahl	150,000	0.06	May 28/19	Nil	Nil	Nil	Nil
	300,000	0.10	June 18/18	Nil	Nil	Nil	Nil
	50,000	0.05	Feb 26/20	Nil	Nil	Nil	Nil
	100,000	0.09	Aug 7/20	Nil	Nil	Nil	Nil
Wally Rudensky	200,000	0.06	May 28/19	Nil	Nil	Nil	Nil
	300,000	0.10	June 18/18	Nil	Nil	Nil	Nil
	50,000	0.05	Feb 26/20	Nil	Nil	Nil	Nil
	100,000	0.09	Aug 7/20	Nil	Nil	Nil	Nil
Denis Simard	150,000	0.06	May 28/19	Nil	Nil	Nil	Nil
	200,000	0.10	June 18/18	Nil	Nil	Nil	Nil
	50,000	0.05	Feb 26/20	Nil	Nil	Nil	Nil
	250,000	0.09	Aug 7/20	Nil	Nil	Nil	Nil
Judi Wood	150,000	0.06	May 28/19	Nil	Nil	Nil	Nil
	80,000	0.25	September 30/16	Nil	Nil	Nil	Nil
	200,000	0.10	June 18/18	Nil	Nil	Nil	Nil
	50,000	0.05	Feb 26/20	Nil	Nil	Nil	Nil
	100,000	0.09	Aug 7/20	Nil	Nil	Nil	Nil

Notes:

(1) Based on the closing price of the common shares on the CSE on December 31, 2015 of \$0.01.

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

The following table sets forth the value vested of option and share based awards of the directors of the Corporation during the year ended December 31, 2015.

Name	Option-Based Awards – Value Vested During the Year (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Nicole Brewster	Nil	N/A	N/A
David Wahl	Nil	N/A	N/A
Judi Wood	Nil	N/A	N/A
Wally Rudensky	Nil	N/A	N/A
John Webster	Nil	N/A	N/A
Denis Simard	Nil	N/A	N/A

## TERMINATION OF EMPLOYMENT, CHANGE IN RESPONSIBILITIES AND EMPLOYMENT CONTRACTS

For the year ended December 31, 2015, Mrs. Nicole Brewster, as President and Chief Executive Officer of the Corporation, agreed to provide managerial and strategic services with respect to the day to day operations of the Corporation. The Compensation Committee and the Board agreed to compensate Mrs. Brewster a monthly consulting fee of \$10,000 commencing April 10, 2012 through to present.

Mr. Appleby agreed to serve as the Corporation’s Chief Financial Officer and was appointed to such position on February 20, 2007. Mr. Appleby continues to serve pursuant to the terms of the business consultancy agreement. Mr. Appleby was entitled to receive a monthly fee of \$5,000.

## PART 5 – SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

As at December 31, 2015:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	11,481,000	\$0.09	2,002,117
Equity compensation plans not approved by security holders	Nil	Nil	Nil

Notes:

- (1) As at December 31, 2015 there were 4,755,000 options outstanding and 6,726,000 warrants outstanding.
- (2) The Corporation’s stock option plan permits the Corporation to reserve for future issuance up to 10% of the Corporation’s issued and outstanding Common Shares at any given time (See “Stock Option Plan” below). As at December 31, 2015, the Corporation had a total of 67,571,172 Common Shares issued and outstanding, and as such, the Corporation was authorized to issue 6,757,117 stock options. There was therefore an aggregate of 2,002,117 Common Shares available for future issuance under exercise of stock options granted pursuant to the stock option plan.

## **STOCK OPTION PLAN**

The Corporation currently maintains a Stock Option Plan (the “**Option Plan**”) to grant options to purchase Common Shares. The purpose of the Option Plan is to develop the interest of employees, directors, officers and any other persons or companies providing management or consulting services to the Corporation by providing them with the opportunity, through share options, to acquire an increased proprietary interest in the Corporation. The Stock Option Plan is administered by the Compensation Committee and the Board. Subject to the provisions of the Stock Option Plan, the Board is authorized in its sole discretion to make decisions regarding the administration of the Stock Option Plan.

The number of Common Shares, the exercise price per Common Share, the vesting period and any other terms and conditions of options granted pursuant to the Option Plan, from time to time, are determined by the Board at the time of the grant, subject to the defined parameters of the Option Plan.

The Option Plan is administered by the Board. Participation is limited to directors, officers, employees and consultants providing services to the Corporation.

The options are non-assignable, irrevocable and may be granted, subject to any vesting provisions that the Board may determine, for a term not to exceed ten years. The exercise price of options is fixed by the Board at the time of grant provided that the price per Common Share shall not be less than the market price of the Common Shares at the time of the grant. For purposes of the Option Plan, “market price” is defined as the closing sale price of such shares on such stock exchange in Canada on which the Common Shares are listed and posted for trading, as may be selected for such purpose by the Board, on the trading day immediately preceding such date of grant. If a grantee ceases to be a director, officer, employee or service provider, the options granted are cancelled.

At the annual and special meeting of Shareholders held on September 21, 2010 the Shareholders approved an amendment to the Option Plan changing from a fixed a to a varying number equal to up to ten (10%) percent of the Corporation’s issued and outstanding Common Shares. The Corporation wishes to maintain its current stock option plan.

As at the date of this Circular 6,825,000 stock options have been granted and an aggregate of 720,117 stock options are available under the Option Plan.

## **PART 6 – AUDIT COMMITTEE**

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### **Audit Committee**

The Corporation is required to have an audit committee comprised of not less than three directors. The Corporation’s Audit Committee currently consists of: David Wahl, Judi Wood and Wally Rudensky as Chair. All are considered independent.

### **Audit Committee Charter**

The text of the audit committee’s charter is attached as Schedule “A” to this Circular.

### **Independence**

National Instrument 52-110 *Audit Committees*, (“**NI 52-110**”) provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with the issuer, which could, in the view of the issuer’s board of directors, reasonably interfere with the exercise of the member’s independent judgment. All members of the Audit Committee are independent.



## Financial Literacy

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements. Each member of the audit committee is financially literate.

## Audit Committee Oversight

Since the commencement of the Corporation’s most recently completed financial year, the audit committee of the Corporation has not made any recommendations to nominate or compensate an external auditor which were not adopted by the board of directors of the Corporation.

## Reliance on Certain Exemptions

Since the commencement of the Corporation’s most recently completed financial year, the Corporation has not relied on:

- (a) the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110; 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 not adopted any specific policies and procedures for the engagement of non audit services.

## Audit Fees

The following table sets forth the fees paid by the Corporation and its subsidiaries to McGovern Hurley Cunningham LLP, Chartered Accountants in 2014 and 2015 for services rendered in the last two fiscal years:

	<u>2014</u>	<u>2015</u>
Audit fees .....	\$18,000	\$18,000
Audit-Related Fees.....	-	-
Tax Fees .....	2,000	2,000
All other fees .....	-	-
<b>Total</b> .....	<u>\$20,000</u>	<u>\$20,000</u>

Notes:

- (1) The other fees relate to work related to the conversion to IFRS.

The Corporation is considered to be a “venture issuer”; as such term is defined in NI 52-110, and is relying on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

## PART 7 – CORPORATE GOVERNANCE

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### CORPORATE GOVERNANCE PRACTICES

The Corporation's Board of Directors has reviewed the Corporation's current corporate governance practices with reference to the applicable provisions of National Instrument 58-101 and has compiled the following analysis in respect of the Corporation's 2015 financial year:

CORPORATE GOVERNANCE DISCLOSURE	RENFORTH PRACTICE
<b>1. Board of Directors</b>	
Disclose how the board of directors (the board) facilitates its exercise of discretion over management, including:	
(i) the identity of directors that are independent, and	For the recently completed fiscal year, two of the five current directors of the Corporation are "independent"; as such term is used within National Instrument 52-110. The independent members of the Board are Wally Rudensky and Judi Wood.
(ii) the identity of directors who are not independent, and the basis for that determination.	By virtue of her position of President & Chief Executive Officer of the Corporation, Nicole Brewster is not independent.
<b>2. Directorships</b>	
In the last fiscal year if a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	Wally Rudensky is a director of the following reporting issuers Organic Potash Corporation (CSE).  David Wahl is a director of the following reporting issuers: silver Dragon Resources (OTCPINK).
<b>3. Orientation and Continuing Education</b>	
Describe what steps, if any, the board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.	<p>The Corporation has prepared a Director's Manual for all new Directors including all Corporation mandates, policies, procedures and filing requirements and promotional material.</p> <p>Each new director discusses with the existing members of the Board the relevant board and committee mandates and the duties, time commitments and contributions expected of each Board member. All directors are given the opportunity to discuss the Corporation's business and affairs and board procedures of the Corporation with the external auditors and legal counsel.</p> <p>Management provides a presentation outlining the Corporation's business and affairs, including information regarding each of the Corporation's on-going mineral properties and future objectives relating to each property. Members of the Corporation's management make themselves available to the Board to discuss the Corporation's business and affairs.</p> <p>Currently, no formal continuing education process has been adopted. However, the Corporation's management endeavours to ensure that the Board is kept aware of changes affecting the Corporation's business and of changes in any legal, regulatory and industry requirements and standards. Board members are entitled to attend such seminars or educational programs as each may determine necessary to keep abreast of current issues relevant to their service as directors.</p>

CORPORATE GOVERNANCE DISCLOSURE	RENFORTH PRACTICE
<b>4. Ethical Business Conduct</b>	
Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.	<p>Each director is required to disclose fully to the Board any material interest such director may have in any transaction contemplated by the Corporation. In the event that a director discloses a material interest in a proposed transaction, the Corporation's independent directors will review the nature and terms of the proposed transaction in order to ascertain and confirm that it is being considered on commercially reasonable and arm's-length terms.</p> <p>The Board has a Disclosure Policy, an Investment Policy a Code of Ethics Policy and an Insider Trading Policy currently in effect.</p>
<b>5. Nomination of Directors</b>	
Disclose what steps, if any, are taken to identify new candidates for board nomination, including:	
(i) who identifies new candidates, and	The Corporate Governance & Nominating Committee, the Chief Executive Officer and the Board as a whole identify potential candidates to serve as Board members. From time to time, outside advisors regarding suitable candidates may be used.
(ii) the process of identifying new candidates	Board members are encouraged during their regular meetings to identify new candidates for nomination to the Board. The Corporate Governance & Nominating Committee and the Board are asked to consider the needs of the Corporation in conjunction with the competencies and skills of any proposed nominees.
<b>6. Compensation</b>	
Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:	
(i) who determines compensation, and	Compensation for the CEO, CFO and directors is determined primarily by the Compensation Committee and then passed onto the Board of Director's for final approval. Compensation for consultants is determined by the CEO and/or Chairman. A more detailed description of Compensation can be found in the Compensation Discussion and Analysis section of this Circular.
(ii) the process of determining compensation	The members of the Compensation Committee annually review all compensation of the CEO, CFO and directors, and consider such factors as comparable compensation within the industry and time required to perform the associated duties and responsibilities. A recommendation is made to the Board by the compensation committee for final discussion and approval.
<b>7. Other Board Committees</b>	
If the Board has standing committees other than the compensation, audit and nominating committees, describe their function	The Board currently maintains an Audit Committee, a Compensation Committee and a Corporate Governance & Nominating Committee. The Governance Committee administers and oversees the implementation and functioning of the Corporation's governance policies.
<b>8. Assessments</b>	
Disclose what steps, if any, that the Board takes to satisfy that the Board, its committees and its individual directors and performing effectively.	As disclosed above, the corporate governance committee assesses the performance of the Board and to determine whether existing directors should be re-nominated. The Board as a whole also helps to assess each director's individual performance.

## **PART 8 – OTHER INFORMATION**

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

Since the beginning of the most recently completed financial year ended December 31, 2015, and as at the date of this Circular, no director, executive officer or employee or former director, executive officer or employee of Renforth, nor any nominee for election as a director of Renforth, nor any associate of any such person, was indebted to Renforth or any of its subsidiaries during the most recently completed financial year ended December 31, 2015 for other than “routine indebtedness”, as that term is defined by applicable law; nor was any indebtedness to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Renforth or any of its subsidiaries.

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

No proposed nominee for election as a director, and no director or officer of Renforth or any of its subsidiaries who has served in such capacity since the beginning of the last financial year of Renforth, and no shareholder holding of record or beneficially, directly or indirectly, more than 10% of Renforth’s outstanding common shares, and none of the respective associates or affiliates of any of the foregoing, had any interest in any transaction with Renforth since the beginning of the last completed financial year, or in any proposed transaction, that has materially affected Renforth or any of its subsidiaries, or is likely to do so.

### **OTHER MATTERS**

Management of Renforth is not aware of any other matters to come before the meeting other than as set forth in the Notice of Meeting that accompanies this Information Circular. If any other matter properly comes before the meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

### **MATTERS TO BE RAISED AT NEXT ANNUAL MEETING**

Any shareholder who wishes to submit a notice to Renforth of any matter that the shareholder proposes to raise at Renforth’s next annual shareholder meeting to be held during calendar 2017, and have the proposal included in Renforth’s proxy materials for that meeting, must send notice of the proposal as required by and in compliance with the *Business Corporations Act (Ontario)* to Renforth no later than November 17, 2017. Any such proposal should be sent to Renforth at its registered office at 65 Front Street East, Suite 200, Toronto, Ontario M5E 1B5. Renforth is not obligated to include any shareholder proposal in its proxy materials for the annual shareholder meeting to be held during calendar 2016 if the proposal is received after the November 17, 2017 deadline.

### **ADDITIONAL INFORMATION**

You may obtain additional financial information about Renforth in our audited annual financial statements and management discussion and analysis for the year ended December 31, 2015, which are included with this Information Circular. Additional copies may be obtained without charge upon request to us at 65 Front Street East, Suite 200, Toronto, Ontario M5E 1B5 - telephone (416) 368-5049. You may also access our disclosure documents through the Internet on SEDAR at [www.sedar.com](http://www.sedar.com).

**CERTIFICATE OF APPROVAL OF DIRECTORS**

The Board of Directors of Renforth Resources Inc. has approved the contents of this Information Circular, the Proxy form, the Notice of Meeting and accompanying material and its distribution to each shareholder entitled to receive same.

DATED the 7<sup>th</sup> day of December 2016.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(signed) Nicole Brewster*

Nicole Brewster  
President and CEO  
Renforth Resources Inc.

# **RENFORTH RESOURCES INC.**

## **SCHEDULE "A"**

### **AUDIT COMMITTEE MANDATE**

# **AUDIT COMMITTEE MANDATE**

## **(the “Mandate”)**

### **Purpose**

1. The Audit Committee (the “**Committee**”) is appointed by the Board of Directors (the “**Board**”) of Renforth Resources Inc. (the “**Corporation**”) to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting processes and internal controls for the Corporation.

### **Composition**

2. The Committee shall be composed of three or more members as designated by the Board from time to time.
3. The chair of the Committee (the “**Chair**”) shall be designated by the Board from among the Committee members.
4. The Committee shall be composed of a majority of independent members and all shall be financially literate, or become financially literate within a reasonable period of time following his or her appointment, as those terms are defined in National Instrument 52-110 – *Audit Committee*.

### **Meetings**

5. The Committee shall meet at least four times annually, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements.
6. The time and place at which meetings of the Committee shall be held and the procedures at such meetings shall be determined from time to time by the Committee.
7. The Committee shall keep minutes of its meetings which shall be submitted to the Board.
8. The Committee may from time to time, appoint any person who need not be a member, to act as secretary at any meeting.
9. The Committee may invite such officers, directors and employees of the Corporation and such other advisors or parties as it may see fit, from time to time, to attend at meetings of the Committee.

### **Authority**

10. The Audit Committee shall have the authority to:
  - (a) engage, at the expense of the Corporation, independent counsel and other experts or advisors as it determines necessary to carry out its duties;
  - (b) set and pay the compensation for advisors employed by the Committee;
  - (c) communicate directly with the internal and external auditors;

- (d) conduct any investigation appropriate to its responsibilities, and it may request an external independent auditor (the “**Independent Auditors**”) as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee; and
- (e) have unrestricted access to the books and records of the Corporation.

## **Responsibilities**

11. The Committee’s primary duties and responsibilities are to:

- (a) conduct such reviews and discussions with management and Independent Auditors of the Corporation relating to the audit and financial reporting as are deemed appropriate by the Committee;
- (b) assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;
- (c) ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel;
- (d) review and approve the quarterly financial statements and management's discussion and analysis (the “**MD&A**”) of the Corporation's financial position and operating results;
- (e) review the annual financial statements and MD&A of the Corporation's financial position and operating results and report to the Board on annual financial statements and MD&A;
- (f) recommend to the Board, for approval by shareholders, a firm of external auditors to act as Independent Auditors and to monitor the independence and performance of the Independent Auditors, including attending at private meetings with the Independent Auditors and reviewing and approving all renewals or dismissals of the Independent Auditors and their remuneration; and
- (g) review and assess the adequacy of this Mandate annually and submit any proposed revisions to the Board for approval.

## **Financial Accounting and Reporting Process and Internal Controls**

- 12. The Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the Independent Auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.
- 13. The Committee shall review management's report on internal controls.
- 14. The Committee shall review the financial statements, MD&A relating to annual and interim financial statements, annual and interim earnings press releases and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws before the Corporation publicly discloses this information.



15. The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assess the adequacy of these procedures.
16. The Committee shall inquire of management and the Independent Auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management, has taken to minimize such risks.
17. The Committee shall establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

### **Independent Auditors**

18. The Committee shall be responsible for recommending to the Board, for approval by shareholders, a firm of external auditors to act as Independent Auditors and for monitoring the independence and performance of the Independent Auditors, including attending at private meetings with the Independent Auditors and reviewing and approving all renewals or dismissals of the Independent Auditors and their remuneration.
19. The Committee shall ensure that in compliance with applicable law, the lead audit partner at the Corporation's auditors is replaced every five years.
20. The Committee shall monitor and assess the relationship between management and the Independent Auditors and monitor, confirm, support and assure the independence and objectivity of the Independent Auditors.
21. The Committee shall be directly responsible for resolving disagreements between management and the Independent Auditors regarding financial reporting.
22. The Committee shall pre-approve all audit and nonaudit services not prohibited by law to be provided by the Independent Auditors.
23. The Committee shall review the Independent Auditor's audit plan, including scope, procedures and timing of the audit.
24. The Committee shall review the results of the annual audit with the Independent Auditors, including matters related to the conduct of the audit.
25. The Committee shall obtain timely reports from the Independent Auditors describing critical accounting policies and practices, alternative treatments of information within GAAP that were discussed with management, their ramifications, and the Independent Auditors' preferred treatment and material written communications between the Corporation and the Independent Auditors.
26. The Committee shall review fees paid by the Corporation to the Independent Auditors and other professionals in respect of audit and nonaudit services on an annual basis.

27. The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.
28. The Committee shall monitor and assess the relationship between Management and the Independent Auditors, and monitor and support the independence and objectivity of the Independent Auditors.

### **Internal Auditor**

29. The Corporation's internal auditor shall make reports directly to the Committee and be accountable to the Committee.
30. The Committee shall review the budget, staffing and quality of the Corporation's internal audit function and the appointment and termination of senior internal audit personnel. The Committee shall review all significant reports to management prepared by internal personnel.

### **Limitation on the Committee's Role**

31. While the Committee has the responsibility and powers set forth in this Mandate, it is not the duty of the Committee to plan or conduct audits or to determine that the Corporation's financial statements and disclosure are in accordance with GAAP and applicable laws and regulations. These are the responsibility of management and the Independent Auditor.

### **Chair**

32. The Chair of the Committee:
  - (a) provides leadership to the Committee with respect to its functions as described in this Mandate and as otherwise may be appropriate, including overseeing the logistics of the operations of the Committee;
  - (b) chairs meetings of the Committee, unless not present, including in camera sessions, and reports to the Board following each meeting of the Committee on the findings, activities and any recommendations of the Committee;
  - (c) ensures that the Committee meets at least once per quarter;
  - (d) in consultation with the Chair of the Board and the Committee members, establishes a calendar for holding meetings of the Committee;
  - (e) sets the agenda for each meeting of the Committee, with input from other Committee members and the Chair of the Board;
  - (f) ensures that Committee materials are available to any director, upon request;
  - (g) acts as liaison and maintains communication with the Chair of the Board and the Board to optimize and coordinate input from Board members, and to optimize the effectiveness of the Committee. This includes reporting to the full Board on all proceedings and deliberations of the Committee at the first meeting of the Board after each Committee meeting and at such other times and in such manner as the Committee considers advisable;

- (h) reports annually to the Board on the role of the Committee and the effectiveness of the Committee role in contributing to the objectives and responsibilities of the Board as a whole;
- (i) provides leadership to ensure that the Board functions independently of management;
- (j) ensures that the members of the Committee understand and discharge their duties and obligations;
- (k) together with the Chair of the Board, ensures that the Board, committees of the Board, individual directors and senior management of the Corporation understand and discharge their duties and obligations under the Corporation's system of corporate governance;
- (l) fosters ethical and responsible decision making by the Committee and its individual members;
- (m) oversees the structure, composition, membership and activities delegated to the Committee from time to time;
- (n) ensures that resources and expertise are available to the Committee so that it may conduct its work effectively and efficiently (including the retention of any outside advisors);
- (o) facilitates effective communication between members of the Committee and Management;
- (p) promotes best practices and high standards of corporate governance; and
- (q) performs such other duties and responsibilities as may be delegated to the Committee Chair by the Board from time to time.



**RENFORTH RESOURCES INC.**  
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