

ROUTE1 INC.



NOTICE OF MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

WITH RESPECT TO THE

ANNUAL AND SPECIAL MEETING

OF

SHAREHOLDERS

Meeting to be held at 9:00 AM

November 25, 2015

**The Omni King Edward Hotel
37 King Street East
Toronto, ON
M5C 1E9**

ROUTE1 INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of the holders of common shares (the “**Common Shares**”) of Route1 Inc. (the “**Corporation**”) will be held at **9:00 AM** (Toronto time) on November 25, 2015 at The Omni King Edward Hotel, 37 King Street East, Toronto, Ontario, M5C 1E9 for the following purposes:

1. to receive the Corporation’s audited financial statements for the year ended December 31, 2014 together with the auditor’s report thereon;
2. to elect directors of the Corporation for the ensuing year;
3. to re-appoint the auditors of the Corporation for the ensuing year and authorize the directors to fix the auditors’ remuneration;
4. to re-approve the stock option plan of the Corporation;
5. to re-approve a resolution authorizing the consolidation of common shares in the capital of the Corporation up to a consolidation on the basis of 20 to 1 within twelve months at the discretion of the board of directors of the Corporation; and
6. to transact such other business as may properly come before the Meeting or any adjournment thereof.

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting is October 21, 2015 (the “Record Date”). Shareholders of the Corporation whose names have been entered in the register of shareholders at the close of business on that date will be entitled to receive notice of and to vote at the Meeting, provided that, to the extent a shareholder transfers the ownership of any of his shares after such date and the transferee of those shares establishes that he owns the shares and requests, not later than ten (10) days before the Meeting, to be included in the list of shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those shares at the Meeting.

The specific details of the matters to be put before the Meeting as identified above are set forth in a Management Information Circular of the Corporation accompanying this Notice.

A registered shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, execute and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, the enclosed proxy must be mailed so as to reach or be deposited with Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) prior to the time set for the Meeting or any adjournment thereof.

The persons named in the enclosed form of proxy are each a director and/or officer of the Corporation. Each shareholder has the right to appoint a proxyholder other than such persons, who need not be a shareholder, to attend and to act for him and on his behalf at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder's appointee should be legibly printed in the blank space provided.

The instrument appointing a proxy shall be in writing and shall be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized.

DATED at the City of Toronto, in the Province of Ontario, this 1st day of October, 2015.

BY ORDER OF THE BOARD OF DIRECTORS

“Michael D. Harris”

Michael D. Harris
Chairman

ROUTE1 INC.
MANAGEMENT INFORMATION CIRCULAR
PROXIES

Solicitation of Proxies

THIS INFORMATION CIRCULAR (THIS “CIRCULAR”) IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF ROUTE1 INC. (THE “CORPORATION”) OF PROXIES TO BE USED AT THE ANNUAL AND SPECIAL MEETING OF HOLDERS (“SHAREHOLDERS”) OF COMMON SHARES (“COMMON SHARES”) IN THE CAPITAL OF THE CORPORATION (THE “MEETING”) TO BE HELD AT 9 AM (TORONTO TIME) ON NOVEMBER 25, 2015 AT THE OMNI KING EDWARD HOTEL, 37 KING STREET EAST, TORONTO, ONTARIO, M5C 1E9 AND AT ANY ADJOURNMENT THEREOF FOR THE PURPOSES SET FORTH IN THE ATTACHED NOTICE OF MEETING (THE “NOTICE”). It is expected that the solicitation will be primarily by mail but proxies may also be solicited personally by the officers and/or directors of the Corporation at nominal cost. The cost of solicitation by the officers and/or directors will be borne directly by the Corporation.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. **A Shareholder has the right to appoint a person or company (who need not be a Shareholder of the Corporation) to represent him at the Meeting, other than the persons designated in the form of proxy, and may do so either by inserting such person's name in the blank space provided in that form of proxy or by completing another proper form of proxy.**

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed by the Shareholder or by his attorney authorized in writing and delivered to Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, not less than forty-eight (48) hours (excluding Saturdays, Sundays, statutory holidays in the Province of Ontario) before the Meeting or any adjournment thereof.

A Shareholder may revoke a proxy by either of the following manner or in any other manner permitted by law:

- (a) depositing an instrument in writing that is signed by the Shareholder or by an attorney who is authorized by a document that is signed in writing or by electronic signature; or
- (b) by transmitting by telephonic or electronic means, a revocation that is signed by an electronic signature if the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of the Shareholder or the attorney, as the case may be,

the instrument or revocation must be received 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 of it, at which the proxy is to be used, or by the chair of the Meeting on the day of the Meeting, or any adjournment of the Meeting.

Voting of Proxies

The persons named in the enclosed form of proxy are each a director and/or officer of the Corporation, and have indicated their willingness to represent as proxy the Shareholder who appoints them. Each Shareholder may instruct his or her proxy how to vote his or her shares by marking the appropriate box(es) on the proxy form. The Common Shares represented by the proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. **In the absence of such direction, with respect to a particular matter, the Common Shares represented by such proxy will be voted FOR such matter.**

THE ENCLOSED FORM OF PROXY CONFERS DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN IN RESPECT OF AMENDMENTS OR VARIATIONS TO MATTERS IDENTIFIED IN THE NOTICE OR OTHER MATTERS THAT MAY PROPERLY COME BEFORE THE MEETING.

At the time of printing of this Circular, the directors and senior officers of the Corporation know of no such amendment, variation or other matters to come before the Meeting other than the matters referred to in the Notice and this Circular. If any matters which are not now known to the directors and senior officers of the Corporation should properly come before the Meeting, the persons named in the accompanying form of proxy will vote on such matters in accordance with their best judgment.

Advice to Beneficial Shareholders

Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares owned by a person (a “**non-registered owner**”) are registered either (a) in the name of an intermediary (an “**Intermediary**”) that the non-registered owner deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered savings plans, registered retirement income funds, registered education savings plans and similar plans); or (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. (“**CDS**”)) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Corporation has distributed copies of this Circular and the accompanying Notice together with the form of proxy (collectively, the “**Meeting Materials**”) (i) directly to non-registered owners who have advised their Intermediary that they do not object to the Intermediary providing their ownership information to issuers whose securities they beneficially own (“**Non-Objecting Beneficial Owners**” or “**NOBOs**”), and (ii) to the clearing agencies and Intermediaries for onward distribution to non-registered owners who have advised their Intermediary that they object to the Intermediary providing their ownership information (“**Objecting Beneficial Owners**” or “**OBOs**”).

Distribution of Security Holder Materials to Objecting Beneficial Owners

Intermediaries are required to forward the Meeting Materials to Objecting Beneficial Owners unless an Objecting Beneficial Owner has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Objecting Beneficial Owners. Generally, Objecting Beneficial Owners who have not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number and class of securities beneficially owned by the Objecting Beneficial Owner but which is not otherwise completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the non-registered owner when submitting the proxy. In this case, the Objecting Beneficial Owner who wishes to vote by proxy should otherwise properly complete the form of proxy and deliver it as specified; or
- (b) be given a form of proxy which is not signed by the Intermediary and which, when properly completed and signed by the Objecting Beneficial Owner and returned to the Intermediary or its service company, will constitute voting instructions (often called a “**Voting Instruction Form**”) which the Intermediary must follow. Typically the non-registered owner will also be given a page of instructions which contains a removable label containing a bar code and other information. In order for the form of proxy to validly constitute a Voting Instruction Form, the non-registered owner must remove the label from the instructions and affix it to the Voting Instruction Form, properly complete and sign the Voting Instruction Form and submit it to the Intermediary or its services company in accordance with the instructions of the Intermediary or its service company.

Distribution of Security Holder Materials to Non-Objecting Beneficial Owners

These security holder materials are being sent to both registered and non-registered owners of the securities. 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 securities, 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.

The Meeting Materials sent to NOBOs who have not waived the right to receive them are accompanied by a VIF or a form of proxy already signed by the Intermediary. By returning the VIF, or form of proxy, in accordance with the instructions noted on it, a NOBO is able to instruct the voting of the Shares owned by it.

Voting Procedures Applicable to NOBOs and OBOs

VIFs, whether provided by the Corporation or by an Intermediary, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit non-registered owners to direct the voting of the Common Shares they beneficially own. Should a non-registered owner who receives either form of proxy wish to vote at the Meeting in person, the non-registered owner should strike out the persons named in the form of proxy and insert the non-registered owner's name in the blank space provided, which will grant the non-registered holder, or his, her or its nominee, the right to attend and vote at the Meeting in person. Non-registered owners should carefully follow the instructions specified in the form of proxy or VIF, including those regarding when and where the form of proxy or VIF is to be delivered.

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

No person who has been a director or officer of the Corporation at any time since the beginning of its last completed financial year, a proposed director of the Corporation, or any associate or affiliate of any such persons has any material interest, direct or indirect, in any matter to be acted upon at the Meeting, other than the election of directors as disclosed in this Circular.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Common Shares are the only shares entitled to vote at the Meeting. As at the date hereof, 365,064,414 Common Shares were issued and outstanding. The Corporation is authorized to issue an unlimited number of Common Shares and the holders of Common Shares are entitled to one vote per share.

The Corporation shall make a list of all persons who are registered holders of Common Shares as of October 21, 2015 (the "**Record Date**") and the number of Common Shares registered in the name of each person on that date. Each Shareholder, or his or her duly appointed proxy, is entitled to one (1) vote for each Common Share registered in his or her name as it appears on the list except to the extent that such shareholder has transferred any of his shares after the Record Date and the transferee of those shares produces properly endorsed share certificates or otherwise establishes that he owns the shares and demands, not later than ten (10) days before the Meeting, that his name be included in the list. In such case the transferee is entitled to vote his shares at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, as of the date hereof, no person or company beneficially owns or exercises control or direction directly or indirectly over voting securities carrying 10% or more of the voting rights attached to any class of outstanding voting securities of the Corporation entitled to vote at the Meeting other than the following:

Name and Municipality of Residence	Number of Common Shares Beneficially Held ¹	Percentage of Outstanding Common Shares
Fiera Capital Inc. Montreal, Quebec	45,061,360	12.34%

Notes:

- (1) The information as to Common Shares beneficially owned, or controlled or directed, directly or indirectly, not being within the knowledge of the Corporation, has been obtained by the Corporation from publicly disclosed information and/or furnished by the Shareholder listed above.

STATEMENT OF EXECUTIVE COMPENSATION

The purpose of this section of this Circular is to disclose all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Corporation, or a subsidiary of the Corporation, to each NEO (as defined below) in accordance with Form 51-102F6 – *Statement of Executive Compensation* (“**Form 51-102F6**”) of the Canadian Securities Administrators. Unless otherwise stated, “dollars” or “\$” means Canadian dollars.

Interpretation

National Instrument 51-102 - *Continuous Disclosure Obligations* (“**NI 51-102**”) defines “Executive Officer” to mean, for a reporting issuer, an individual who is,

- (a) a chair, vice-chair, or president;
- (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or
- (c) performing a policy-making function in respect of the issuer.

Form 51-102F6 further defines the following:

- (a) “Chief Executive Officer” or “CEO” means an individual who acted as chief executive officer of the Corporation, or acted in a similar capacity, for any part of the most recently completed financial year;
- (b) “Chief Financial Officer” or “CFO” means an individual who acted as chief financial officer of the Corporation, or acted in a similar capacity, for any part of the most recently completed financial year;
- (c) “Named Executive Officers” or “NEOs” means the following individuals:
 - (i) a CEO;
 - (ii) a CFO;
 - (iii) each of the three most highly compensated executive officers of the Corporation, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 (as determined in accordance with Form 51-102F6), for that financial year; and
 - (iv) each individual who would be an NEO under paragraph (iii) above but for the fact that the individual was neither an executive officer of the Corporation or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

Named Executive Officers

During the most recently completed financial year ended December 31, 2014, the following individuals were Named Executive Officers of the Corporation:

- Tony P. Busseri, Chief Executive Officer and Director of the Corporation;
- Brian D. Brunetti, President and Chief Operating Officer of the Corporation;
- Yamian Quintero, Executive Vice President and Chief Technology Officer of the Corporation; and
- Tom Lieu, Chief Financial Officer of the Corporation

Compensation Discussion and Analysis

The Corporation has a compensation, corporate governance and nominations committee (the “**Compensation Committee**”) that is responsible for determining the compensation for the Corporation’s executive officers. The Compensation Committee’s philosophy is to take into account the performance of the Corporation in executing on its objectives.

The Compensation Committee’s assessment of corporate performance is based on a number of qualitative and quantitative factors including execution of on-going projects and transactions, operational performance and progress on key growth initiatives. For the most recently completed financial year-ended December 31, 2014, the Compensation Committee determined the overall corporate performance rating to be “on target”. NEOs do not automatically receive any particular award based on the Compensation Committee’s determination of the overall performance of the Corporation, but rather the determination establishes the background for the Compensation Committee’s subsequent review of the NEOs’ individual performance.

Objectives of the Compensation Program

The objectives of the Corporation’s executive compensation program are:

- to reward individual contributions in light of overall business results;
- to be competitive with the companies with whom the Corporation competes for talent;
- to align the interests of the executives with the interests of the Shareholders; and
- to attract and retain executives who can help the Corporation achieve its objectives.

Elements of Executive Compensation

Total direct compensation (“**Total Direct Compensation**”) represents the combined value of fixed compensation and performance-based variable incentive compensation, comprising: base salary, short-term incentive compensation in the form of an annual and/or project specific cash bonus, and long-term incentive compensation in the form of stock options.

The allocation of the Total Direct Compensation value to these different compensation elements is not based on a formula, but rather is intended to reflect 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 Salary

The base salary of each NEO is reviewed annually and is the fixed portion of each Named Executive Officer’s Total Direct Compensation and is designed to provide income certainty and to attract and retain executives.

Short-term Incentives

The annual and/or project specific cash bonus is a short-term incentive that is intended to reward each executive officer for their individual contribution and performance of personal objectives in the context of overall corporate

performance in the short and medium term. The annual and/or project specific cash bonus is designed to motivate executives to achieve personal business objectives, to be accountable for their relative contribution to the Corporation's performance, as well as to attract and retain executives.

Long-term Incentives

Long-term incentive compensation is provided through the granting of stock options. This incentive arrangement is designed to motivate executives to achieve longer-term sustainable business results, align their interests with those of the Shareholders and to attract and retain executives. Participants benefit only if the market value of the Common Shares at the time of a stock option exercise is greater than the exercise price of the stock options at the time of the relevant grant. Stock options vest in such manner as the board of directors (the "**Board of Directors**" or the "**Board**") may determine.

Determination of Compensation

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 comprehensive 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 and management fees.

The Board does not feel it is necessary to assess the effectiveness of individual board members. Each board member has considerable experience which is sufficient to meet the needs of the Corporation. On an annual basis, however, the Board assesses the contributions of each of the individual directors, and of the Board as a whole, in order to determine whether each is functioning effectively.

Stock Option Granting Process

Generally, stock option grants are determined annually. The CEO makes recommendations to the Compensation Committee regarding individual stock option awards for all recipients. The CEO does not engage in discussions with the Compensation Committee regarding his own stock option grants. The Compensation Committee and the Chairman of the Board 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.

See "Particulars of Matters to be Acted Upon – Re-Approval of Stock Option Plan" for a summary of the Stock Option Plan of the Corporation (the "**Plan**") which is attached to this Circular as Schedule "A".

Other Compensation

Executive officers receive other benefits that the Corporation believes are reasonable and consistent with its overall executive compensation program. These benefits, which are based on competitive market practices, support the

attraction and retention of executive officers. Benefits include traditional health programs and limited executive perquisites.

How the Corporation Determines Compensation

The Role of the Compensation Committee

The Compensation Committee is comprised of Peter Chodos (Chair and Independent Director) and Mark Boensel (Independent Director). Both Mr. Chodos and Mr. Boensel have had extensive senior management experience and involvement with other companies. Mr. Chodos and Mr. Boensel's experience includes being senior officers of organizations, providing significant financial and human resource involvement including compensation practice, personnel management and executive development. This enables the Compensation Committee to make decisions on the suitability of the Corporation's compensation policies and practices

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 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.

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 active discussions with the CEO concerning the determination of performance objectives.

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. The Compensation Committee and the Chairman of the Board are provided 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 and subsequent recommendation to the Board.

Performance Assessment

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

Corporate Performance

The Board approves annual corporate objectives, which include financial performance, strategic direction, plan implementation, financial controls and other facets of the Corporation's development, in line with the Corporation's key longer-term strategies for growth and value creation. These quantitative and qualitative objectives are utilized by the Compensation Committee as a reference when making compensation decisions.

At the end of each year, the Compensation Committee reviews the results achieved and discusses them with management. For the purposes of Total Direct Compensation deliberations, the Compensation Committee then

determines an overall rating for actual corporate performance relative to an expected level of performance. This overall corporate performance rating provides general context for the Compensation Committee's review of individual performance by the NEOs.

Individual Performance

The Compensation Committee approves annual individual performance objectives, which include financial performance, strategic direction, plan implementation, financial controls and other facets of the Corporation's development, 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 in-camera discussions to complete an independent assessment of the performance of the CEO.

Internal Equity and Retention Value

Executive officer pay relative to other executives ("**internal equity**") is generally considered in establishing compensation levels. The difference between one executive officer's compensation and that of the other NEOs reflects, in part, the difference in their relative responsibilities. The CEO's responsibility for the management and oversight of the enterprise is greater than each of the executive officers' respective business areas. As a result, the compensation level for the CEO is higher than for other NEOs.

The Compensation Committee also considers the retentive potential of its compensation decisions. Retention of the NEOs is important 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.

The Compensation Committee considers a number of factors and performance elements when determining compensation. Although the Corporation's total Shareholder return is one performance measure that is reviewed, it is not the only consideration in executive compensation deliberations. As a result, a direct correlation between total Shareholder return over a given period and executive compensation levels is not anticipated.

The Board of Directors and the Compensation Committee have considered the implications of the risks associated with the Corporation's compensation policies and practices. In carrying out its mandate, the implications of the risks associated with the Corporation's compensation policies and practices were considered by the Compensation Committee and the Board of Directors. The Compensation Committee and Board of Directors do not believe that the Corporation's compensation programs encourage the Corporation's executive officers to take inappropriate or excessive risks. This assessment is based on a number of considerations including, without limitation, the following: (i) inappropriate and excessive risks by executives are mitigated by regular meetings of the Board, at which activity by the executives must be approved by the Board if such activity is outside or beyond previously Board-approved actions; (ii) the overall compensation program is market based and aligned with the Corporation's business plan and

long-term strategies; (iii) the compensation packages for executive officers consist of fixed (base salary and perquisites) and variable elements (cash bonuses and stock options) which are designed to balance short term goals and the long-term interests of the Corporation and are aimed at creating sustainable value for the Shareholders; (iv) in exercising its discretion under option grants, the Board of Directors reviews individual and corporate performance taking into account the long-term interests of the Corporation; and (v) options granted under the Corporation's stock option plan generally vest over a three year period which further mitigates any short-term risk taking potential.

Restrictions on Financial Instruments

The Corporation does not have a policy that would prohibit a NEO or director from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. However, management is not aware of any NEO or director purchasing such an instrument.

Summary Compensation Table

The following table sets forth the total annual and long-term equity and non-equity compensation for each NEO, along with any other compensation awarded to each NEO, for services rendered in all capacities to the Corporation for the fiscal year ended December 31, 2014. As permitted under amended Form 51-102F6 under NI 51-102, information has only been provided with respect to the three (3) most recent fiscal years of the Corporation. For information related to the compensation payable to the Corporation's NEOs prior to the three (3) most recent fiscal years of the Corporation, please refer to the Corporation's information circulars in respect of each such year, copies of which are available on SEDAR at www.sedar.com. The Corporation does not have any pension plans, long-term non-equity incentive plans or deferred compensation plans. In addition, the Corporation does not currently have any plans or arrangements in place that provide for share-based awards.

Name and principal positions	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	Compensation	
					Annual incentive plans	Long term incentive plans		All other (\$)	Total (\$)
Tony P. Busseri, CEO and Director ⁽¹⁾	2014	\$360,000	Nil	\$14,517 ⁽²⁾	Nil	Nil	Nil	Nil	\$374,517
	2013	\$360,000	Nil	Nil	Nil	Nil	Nil	\$15,000	\$375,000
	2012	\$360,000	Nil	Nil	Nil	Nil	Nil	\$12,500	\$372,500
Brian D. Brunetti, President and COO ⁽³⁾	2014	\$260,000	Nil	\$26,446 ⁽⁴⁾	Nil	Nil	Nil	\$25,000	\$311,446
	2013	\$240,000	Nil	Nil	Nil	Nil	Nil	\$25,000	\$265,000
	2012	\$240,000	Nil	\$62,447 ⁽⁵⁾	Nil	Nil	Nil	\$15,000	\$317,447
Yamian Quintero, Executive Vice President and CTO ⁽⁶⁾	2014	\$222,500	Nil	\$21,105 ⁽⁷⁾	Nil	Nil	Nil	\$12,500	\$256,105
	2013	\$220,000	Nil	Nil	Nil	Nil	Nil	\$10,000	\$230,000
	2012	\$216,250	Nil	\$31,223 ⁽⁸⁾	Nil	Nil	Nil	\$7,500	\$254,973
Tom Lieu, CFO ⁽⁹⁾	2014	\$150,000	Nil	\$5,020 ⁽¹⁰⁾	Nil	Nil	Nil	\$10,000	\$165,020
	2013	\$150,000	Nil	Nil	Nil	Nil	Nil	Nil	\$150,000
	2012	\$95,833	Nil	\$62,396 ⁽¹¹⁾	Nil	Nil	Nil	Nil	\$158,229

Notes:

- (1) Mr. Busseri served as Director-at-Large of the Corporation from October 27, 2009 to February 26, 2010 when he was appointed President and Chief Executive Officer of the Corporation following the resignation of K. Andrew White on February 26, 2010.
- (2) On June 3, 2014, Mr. Busseri was awarded 225,000 stock options to purchase the same number of Common Shares of the Corporation. The stock options vest over a 3 year period following the grant date, were exercisable at \$0.05 per Common Share and expire 5 years from the grant date on June 3, 2019. The closing market price on June 3, 2015 was \$0.05 per Common Share and the fair value assigned to these stock options was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 127%, risk-free interest rate 1.5% and expected life of 5 years. The fair value of each stock

option granted was \$0.042 per option. The aggregate fair value assigned to these stock options awarded to Mr. Busseri on June 3, 2014 was \$9,497.

On September 24, 2014, Mr. Busseri was awarded 150,000 stock options to purchase the same number of Common Shares of the Corporation. The stock options vest over a 3 year period following the grant date, were exercisable at \$0.05 per Common Share and expire 5 years from the grant date on September 24, 2019. The closing market price on September 24, 2014 was \$0.04 per Common Share and the fair value assigned to these stock options was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 130%, risk-free interest rate 1.5% and expected life of 5 years. The fair value of each stock option granted was \$0.034 per option. The aggregate fair value assigned to these stock options awarded to Mr. Busseri on September 24, 2014 was \$5,020.

- (3) Mr. Brunetti was appointed as the Executive Vice-President and Chief Operating Officer of the Corporation on June 7, 2010. Subsequently on August 8, 2011, Mr Brunetti was reappointed as the President and Chief Operation Officer of the Corporation.
- (4) On April 22, 2014, Mr. Brunetti was awarded 500,000 stock options to purchase the same number of Common Shares of the Corporation. The stock options vest over a 3 year period following the grant date, were exercisable at \$0.05 per Common Share and expire 5 years from the grant date on April 22, 2019. The closing market price on April 22, 2014 was \$0.04 per Common Share and the fair value assigned to these stock options was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 128%, risk-free interest rate 1.5% and expected life of 5 years. The fair value of each stock option granted was \$0.033 per option. The aggregate fair value assigned to these stock options awarded to Mr. Brunetti on April 22, 2014 was \$16,588.

On June 3, 2014, Mr. Brunetti was awarded 113,300 stock options to purchase the same number of Common Shares of the Corporation. The stock options vest over a 3 year period following the grant date, were exercisable at \$0.05 per Common Share and expire 5 years from the grant date on June 3, 2019. The closing market price on June 3, 2014 was \$0.05 per Common Share and the fair value assigned to these stock options was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 127%, risk-free interest rate 1.5% and expected life of 5 years. The fair value of each stock option granted was \$0.042 per option. The aggregate fair value assigned to these stock options awarded to Mr. Brunetti on June 3, 2014 was \$4,782.

On September 24, 2014, Mr. Brunetti was awarded 151,700 stock options to purchase the same number of Common Shares of the Corporation. The stock options vest over a 3 year period following the grant date, were exercisable at \$0.05 per Common Share and expire 5 years from the grant date on September 24, 2019. The closing market price on September 24, 2014 was \$0.04 per Common Share and the fair value assigned to these stock options was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 130%, risk-free interest rate 1.5% and expected life of 5 years. The fair value of each stock option granted was \$0.034 per option. The aggregate fair value assigned to these stock options awarded to Mr. Brunetti on September 24, 2014 was \$5,076

- (5) On May 1, 2012, Mr. Brunetti was awarded 1,000,000 stock options to purchase the same number of Common Shares of the Corporation. The stock options vest over a 3 year period following the grant date, were exercisable at \$0.13 per Common Share and expire 5 years from the grant date on May 1, 2017. The closing market price on May 1, 2012 was \$0.08 per Common Share and the fair value assigned to these stock options was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 120%, risk-free interest rate 1.5% and expected life of 5 years. The fair value of each stock option granted was \$0.062 per option. The aggregate fair value assigned to these stock options awarded to Mr. Brunetti on May 1, 2012 was \$62,447.
- (6) On February 28, 2011, Mr. Quintero was appointed as the Executive Vice President (EVP) and Chief Technology Officer (CTO) of the Corporation subsequent to Jerry Iwanski's termination. Prior to becoming the EVP and CTO of the Corporation Mr. Quintero served as the Vice-President and Chief Scientist of the Corporation beginning on January 1, 2011. Prior to becoming the Vice-President and Chief Scientist Mr. Quintero served in the capacity of Senior Software Engineer.
- (7) On June 3, 2014, Mr. Quintero was awarded 500,000 stock options to purchase the same number of Common Shares of the Corporation. The stock options vest over a 3 year period following the grant date, were exercisable at \$0.05 per Common Share and expire 5 years from the grant date on June 3, 2019. The closing market price on June 3, 2014 was \$0.05 per Common Share and the fair value assigned to these stock options was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 127%, risk-free interest rate 1.5% and expected life of 5 years. The fair value of each stock option granted was \$0.042 per option. The aggregate fair value assigned to these stock options awarded to Mr. Quintero on June 3, 2014 was \$21,105.
- (8) On May 1, 2012, Mr. Quintero was awarded 500,000 stock options to purchase the same number of Common Shares of the Corporation. The stock options vest over a 3 year period following the grant date, were exercisable at \$0.13 per Common Share and expire 5 years from the grant date on May 1, 2017. The closing market price on May 1, 2012 was \$0.08 per Common Share and the fair value assigned to these stock options was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 120%, risk-free interest rate 1.5% and expected life of 5 years. The fair value of each stock option granted was \$0.062 per option. The aggregate fair value assigned to these stock options awarded to Mr. Quintero on May 1, 2012 was \$31,223.
- (9) Mr. Lieu was appointed as the Vice President of Finance on April 2, 2012. Subsequently on December 2, 2012, Mr Lieu was reappointed as the Chief Financial Officer of the Corporation.

- (10) On September 24, 2014, Mr. Lieu was awarded 150,000 stock options to purchase the same number of Common Shares of the Corporation. The stock options vest over a 3 year period following the grant date, were exercisable at \$0.05 per Common Share and expire 5 years from the grant date on September 24, 2019. The closing market price on September 24, 2015 was \$0.04 per Common Share and the fair value assigned to these stock options was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 130%, risk-free interest rate 1.5% and expected life of 5 years. The fair value of each stock option granted was \$0.034 per option. The aggregate fair value assigned to these stock options awarded to Mr. Lieu on September 24, 2014 was \$5,020.
- (11) On April 2, 2012, Mr. Lieu was awarded 1,000,000 stock options to purchase the same number of Common Shares of the Corporation. The stock options vest over a 3 year period following the grant date, were exercisable at \$0.13 per Common Share and expire 5 years from the grant date on April 2, 2017. The closing market price on April 2, 2012 was \$0.08 per Common Share and the fair value assigned to these stock options was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 120%, risk-free interest rate 1.5% and expected life of 5 years. The fair value of each stock option granted was \$0.062 per option. The aggregate fair value assigned to the stock options awarded to Mr. Lieu on April 2, 2012 was \$62,396.

Each of the NEOs is employed by the Corporation pursuant to an employment contract which sets out the NEO's base salary and bonus entitlements.

Employment Contracts, Termination and Change of Control

The terms of the specific agreements between the Corporation and each of the Named Executive Officers are set out below.

Tony P. Busseri

Effective December 18, 2013, the Corporation amended the original management consulting agreement (the “**1220764 Consulting Agreement**”) with 1220764 Ontario Inc., doing business as Growth Equity Partners, (the “**Consultant**”) a company wholly owned by Tony P. Busseri (the “**Manager**”) on February 26, 2010, the terms of which are substantially as follows: (1) The Consultant agrees to provide the services of the Manager as the Chief Executive Officer of the Corporation until December 31, 2016 for an annual base fee of \$360,000 plus HST. If the 1220764 Consulting Agreement is terminated without cause, the Consultant will be entitled to receive a lump sum payment in cash equal to the greater of: (a) \$240,000 plus HST or (b) a value equal to the last twelve months cash compensation paid to the Consultant plus HST, as applicable. The Consultant is eligible for incentive compensation based on corporate and individual performance to be awarded upon the completion of certain corporate goals and is also entitled to participate in any future bonus incentive program administered in the sole discretion of the Board. The Manager is also entitled to participate in the Plan.

The 1220764 Consulting Agreement has a “change of control” provision which may be triggered in certain circumstances, including, but not limited to, the following:

- (a) an event or series of events (whether a share purchase, merger, consolidation or other business combination or otherwise) by which any person or company has obtained or will obtain “beneficial ownership of securities” (as defined in Section 1(5) of the *Securities Act* (Ontario)) directly or indirectly of 50% or more of the combined voting power of the then outstanding securities of the Corporation;
- (b) a transaction whereby property constituting more than 50% of the assets of the Corporation are sold, in one or more related transactions, to any “person” or “company” (as such terms are defined in the *Securities Act* (Ontario)) or to a combination of persons or companies; or
- (c) Incumbent Directors no longer constitute a majority of the Board. For the purposes of the 1220764 Consulting Agreement, “Incumbent Directors” means those persons who are directors of Corporation on the date of the last annual meeting and shall include any person who becomes a director of the Corporation thereafter and whose election, or nomination for election, by Corporation’s shareholders was approved by a majority of the Incumbent Directors then on the Board, excluding in the case of each of sections (i) and (ii) any reincorporation, reorganization or recapitalization transaction in which the shareholders of any such corporations continue to possess all of the outstanding voting securities of the successor or surviving entity in the same relative proportions.

Brian D. Brunetti

Effective April 1, 2014, the Corporation entered into a new employment agreement (the “**Brunetti Employment Agreement**”) with Mr. Brunetti, the terms of which are substantially as follows: Mr. Brunetti, as the President, and Chief Operating Officer of the Corporation, is paid an annual base salary of \$260,000 (increased to \$280,000 on October 1, 2014). If Mr. Brunetti’s employment is terminated without just cause, his company benefit plan and base salary will continue to be paid to him for a period of time equal to 18 months, Mr. Brunetti is eligible for incentive compensation based on corporate and individual performance to be awarded upon the completion of certain corporate goals and is also entitled to participate in any future bonus incentive program administered in the sole discretion of the Board.

The Brunetti Employment Agreement has a “change of control” provision which may be triggered in certain circumstances, including, but not limited to, the following:

- (a) an event or series of events (whether a share purchase, merger, consolidation or other business combination or otherwise) by which any person or company has obtained or will obtain “beneficial ownership of securities” (as defined in Section 1(5) of the *Securities Act* (Ontario)) directly or indirectly of 50% or more of the combined voting power of the then outstanding securities of the Corporation;
- (b) a transaction whereby property constituting more than 50% of the assets of the Corporation are sold, in one or more related transactions, to any “person” or “company” (as such terms are defined in the *Securities Act* (Ontario)) or to a combination of persons or companies; or
- (c) Incumbent Directors no longer constitute a majority of the Board. For the purposes of the Brunetti Employment Agreement “Incumbent Directors” means those persons who are directors of Corporation on the date of the last annual meeting and shall include any person who becomes a director of the Corporation thereafter and whose election, or nomination for election, by Corporation’s shareholders was approved by a majority of the Incumbent Directors then on the Board, excluding in the case of each of sections (i) and (ii) any reincorporation, reorganization or recapitalization transaction in which the shareholders of any such corporations continue to possess all of the outstanding voting securities of the successor or surviving entity in the same relative proportions.

Yamian Quintero

The Corporation entered into an employment agreement with Mr. Quintero (the “**Quintero Agreement**”), the terms of which are substantially as follows: Mr. Quintero, as the Executive Vice-President, and Chief Technology Officer of the Corporation, is paid an annual base salary of \$220,000 (increased to \$225,000 on July 1, 2014, further increased to \$230,000 on January 1, 2015, moved to \$230,000 USD on March 16, 2015 and increased to \$235,000 USD on June 1, 2015). If Mr. Quinteros’ employment is terminated without just cause, his company benefit plan and base salary will continue to be paid to him for a period of time equal to twelve months. Mr. Quintero is eligible for incentive compensation based on corporate and individual performance to be awarded upon the completion of certain corporate goals and is also entitled to participate in any future bonus incentive program administered in the sole discretion of the Board.

The Quintero Agreement has a “change of control” provision which may be triggered in certain circumstances, including, but not limited to, the following:

- (a) an event or series of events (whether a share purchase, merger, consolidation or other business combination or otherwise) by which any person or company has obtained or will obtain “beneficial ownership of securities” (as defined in Section 1(5) of the *Securities Act* (Ontario)) directly or indirectly of 50% or more of the combined voting power of the then outstanding securities of the Corporation;
- (b) a transaction whereby property constituting more than 50% of the assets of the Corporation are

sold, in one or more related transactions, to any “person” or “company” (as such terms are defined in the *Securities Act* (Ontario)) or to a combination of persons or companies; or

- (c) Incumbent Directors no longer constitute a majority of the Board. For the purposes of the Quintero Agreement, “Incumbent Directors” means those persons who are directors of Corporation on the date of the last annual meeting and shall include any person who becomes a director of the Corporation thereafter and whose election, or nomination for election, by Corporation’s shareholders was approved by a majority of the Incumbent Directors then on the Board, excluding in the case of each of sections (i) and (ii) any reincorporation, reorganization or recapitalization transaction in which the shareholders of any such corporations continue to possess all of the outstanding voting securities of the successor or surviving entity in the same relative proportions.

Tom Lieu

The Corporation entered into an employment agreement with Mr. Lieu (the “**Lieu Agreement**”), the terms of which are substantially as follows: Mr. Lieu, as Chief Financial Officer of the Corporation, is paid an annual base salary of \$150,000. If Mr. Lieu’s employment is terminated without just cause, his company benefit plan and base salary will continue to be paid to him for a period of time equal to six months. Mr. Lieu is eligible for incentive compensation based on corporate and individual performance to be awarded upon the completion of certain corporate goals and is also entitled to participate in any future bonus incentive program administered in the sole discretion of the Board.

The Lieu Agreement has a “change of control” provision which may be triggered in certain circumstances, including, but not limited to, the following:

- (a) an event or series of events (whether a share purchase, merger, consolidation or other business combination or otherwise) by which any person or company has obtained or will obtain “beneficial ownership of securities” (as defined in Section 1(5) of the *Securities Act* (Ontario)) directly or indirectly of 50% or more of the combined voting power of the then outstanding securities of the Corporation;
- (b) a transaction whereby property constituting more than 50% of the assets of the Corporation are sold, in one or more related transactions, to any “person” or “company” (as such terms are defined in the *Securities Act* (Ontario)) or to a combination of persons or companies; or
- (c) Incumbent Directors no longer constitute a majority of the Board. For the purposes of the Lieu Agreement, “Incumbent Directors” means those persons who are directors of Corporation on the date of the last annual meeting and shall include any person who becomes a director of the Corporation thereafter and whose election, or nomination for election, by Corporation’s shareholders was approved by a majority of the Incumbent Directors then on the Board, excluding in the case of each of sections (i) and (ii) any reincorporation, reorganization or recapitalization transaction in which the shareholders of any such corporations continue to possess all of the outstanding voting securities of the successor or surviving entity in the same relative proportions.

The following table contains the estimated incremental payments, payables and benefits that would arise assuming a termination date of December 31, 2014:

Name	Event	Cash Payments (\$)	Value of Equity and Share-based Awards (\$)	Total (\$)
Tony P. Busseri	Termination with cause	Nil	Nil	Nil
	Termination without cause	\$360,000	Nil	\$360,000
	Change in control	\$360,000	Nil	\$360,000

Name	Event	Cash Payments (\$)	Value of Equity and Share-based Awards (\$)	Total (\$)
Brian D. Brunetti	Termination with cause Termination without cause Change in control	Nil \$420,000 \$420,000	Nil Nil Nil	Nil \$420,000 \$420,000
Yamian Quintero	Termination with cause Termination without cause Change in control	Nil \$235,000 USD \$235,000 USD	Nil Nil Nil	Nil \$235,000 USD \$235,000 USD
Tom Lieu	Termination with cause Termination without cause Change in control	Nil \$75,000 \$75,000	Nil Nil Nil	Nil \$75,000 \$75,000

Incentive Plan Awards

Outstanding option-based awards and share-based awards as at December 31, 2014

The following table sets out for each Named Executive Officers all option-based awards and share-based awards outstanding at the end of the year ended December 31, 2014:

NEO Name	Option-based Awards				Share-based Awards ⁽¹⁾	
	Number of securities underlying unexercised options ⁽²⁾ (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽³⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Tony P. Busseri	4,250,000 4,250,000 225,000 150,000	\$0.10 \$0.15 \$0.05 \$0.05	Feb 26/15 Feb 26/15 Jun 3/19 Sept 24/19	Nil Nil Nil Nil	Nil	Nil
Brian D. Brunetti	2,000,000 2,000,000 1,000,000 500,000 113,300 151,700	\$0.15 \$0.20 \$0.13 \$0.05 \$0.05 \$0.05	Jun 7/15 Jun 7/15 Apr 2/17 Apr 22/19 Jun 3/19 Sept 24/19	Nil Nil Nil Nil Nil Nil	Nil	Nil
Yamian Quintero	850,000 650,000 2,500,000 500,000 500,000	\$0.13 \$0.275 \$0.25 \$0.13 \$0.05	Mar 24/15 Dec 16/15 Feb 28/16 May 1/17 Jun 3/19	Nil Nil Nil Nil Nil	Nil	Nil
Tom Lieu	1,000,000 150,000	\$0.13 \$0.05	Apr 2/17 Sept 24/19	Nil Nil	Nil	Nil

Notes:

- (1) The Corporation does not have a share-based awards plan.
- (2) The securities underlying the stock options of the Corporation are Common Shares. The issuer of the stock options is the Corporation.
- (3) The value of unexercised in-the-money options is calculated as the difference between the closing price of the Corporation's Common Shares on the TSXV on December 31, 2014 of \$0.04 and the underlying option exercise price, multiplied by the number of options outstanding. This value has not been, and may never be, realized by the NEO.

Incentive plan awards – value vested or earned during the year ended December 31, 2014

The following table sets out for each of the Named Executive Officers, the value of option-based awards and share-based awards which vested during the year ended December 31, 2014 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2014:

NEO Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year ⁽¹⁾ (\$)	Non-equity incentive plan compensation – Value earned during the year ⁽²⁾ (\$)
Tony P. Busseri	Nil	Nil	Nil
Brian D. Brunetti	\$18,734	Nil	Nil
Yamian Quintero	\$218,334	Nil	Nil
Tom Lieu	\$18,719	Nil	Nil

Notes:

- (1) The Corporation does not have a share-based awards plan.
- (2) The Corporation does not have any long-term non-equity incentive plans in place.

Any options held by a NEO that vested during the year had an exercise price higher than the market price at the time of vesting and therefore no dollar amount would have been realized if the options had been exercised on the date of vesting.

Pension Plan Benefits

The Corporation does not have any pension plans that provide for payments or benefits at, following, or in connection with retirement or provide for retirement or deferred compensation plans.

Director Compensation Table

The following table sets forth information concerning the annual and long term compensation in respect of the directors of the Corporation, other than the NEOs, during the financial year ended December 31, 2014:

Name	Fiscal Year	Fees earned (\$)	Share-based awards ⁽¹⁾ (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total Compensation (\$)
Mark S. Boensel	2014	\$45,000	Nil	Nil	Nil	Nil	Nil	\$45,000
Peter F. Chodos	2014	\$60,000	Nil	Nil	Nil	Nil	Nil	\$60,000
Louis De Jong	2014	\$53,750 ⁽²⁾	Nil	Nil	Nil	Nil	Nil	\$53,750
Michael F. Doolan	2014	\$50,000	Nil	Nil	Nil	Nil	Nil	\$50,000
David Fraser	2014	\$45,000	Nil	Nil	Nil	Nil	Nil	\$45,000
Michael D. Harris	2014	\$75,000	Nil	Nil	Nil	Nil	Nil	\$75,000

Notes:

- (1) The Corporation does not have a share-based awards plan.
- (2) Mr. De Jong's has a fee schedule that compensates him \$5,000 monthly to the end of September 30, 2014 before any applicable taxes; starting October 1, 2014 Mr. De Jong is compensated \$2,917 monthly.

Material Factors Necessary to Understand Director Compensation

Effective April 1, 2012, the Board approved a cash compensation structure whereby the Chairman received an annual cash retainer of \$75,000 and the other independent directors each received an annual cash retainer of \$35,000. In addition, the Chairman of the Audit Committee and Compensation Committee receive an additional \$15,000 a year and all other committee members receive \$10,000 a year. No further attendance or other fees were payable to the Chairman or the other independent directors in addition to the above fees.

The Board reviews and approves changes to the Corporation's director compensation arrangements from time to time to ensure they remain competitive in light of the time commitments required from directors and align directors' interests with those of the Corporation's Shareholders.

Directors are also eligible to participate in the Plan and are awarded stock options under the Plan from time to time as compensation for their services as directors. For further details concerning the terms of the Plan, which is attached to this Circular as Schedule "A", please see the section of this Circular above entitled "Particulars of Matters to be Acted Upon – Re-Approval of Stock Option Plan".

During the fiscal year ended December 31, 2014, the directors (excluding NEOs who are directors and are not entitled to any additional compensation for their service as directors) received the compensation set out in this Circular. The independent directors are not entitled to any compensation under any annual or long-term non-equity incentive plans. The Corporation has not granted, and nor do the directors hold, any share-based awards.

On April 10, 2014, the Company's Board of Directors informally agreed to set aside a portion of the quarterly cash compensation (between 20% to 30%) to purchase Route1 shares on the open market.

Director Option-based Awards

Outstanding option-based awards and share-based awards as at December 31, 2014

The following table sets out for each director of the Corporation, other than the NEOs, all option-based awards and share-based awards outstanding at the end of the year ended December 31, 2014:

Director Name	Option-based Awards				Share-based Awards ⁽¹⁾	
	Number of securities underlying unexercised options ⁽²⁾ (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options ⁽³⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Mark S. Boensel	1,000,000	\$0.13	Jan 2/17	Nil	Nil	Nil
	297,000	\$0.05	April 22/19	Nil		
Peter F. Chodos	750,000	\$0.13	May 1/17	Nil	Nil	Nil
	240,000	\$0.05	April 22/19	Nil		
Louis De Jong	240,000	\$0.05	April 22/19	Nil	Nil	Nil
Michael F. Doolan	300,000	\$0.13	Mar 24/15	Nil	Nil	Nil
	750,000	\$0.13	May 1/17	Nil		
	200,000	\$0.05	April 22/19	Nil		
David Fraser	1,000,000	\$0.13	Nov 27/17	Nil	Nil	Nil
	297,000	\$0.05	April 22/19	Nil		
Michael D. Harris	1,000,000	\$0.13	May 1/17	Nil	Nil	Nil
	300,000	\$0.05	April 22/19	Nil		

Notes:

- (1) The Corporation does not have a share-based awards plan.
- (2) The securities underlying the stock options of the Corporation are Common Shares. The issuer of the stock options is the Corporation.
- (3) The value of unexercised in-the-money options is calculated as the difference between the closing price of the Corporation's Common Shares on the TSXV on December 31, 2014 of \$0.04 and the underlying option exercise price, multiplied by the number of options outstanding. This value has not been, and may never be, realized by the director.

Incentive plan awards - value vested or earned during the year ended December 31, 2014

The following table sets out for each director of the Corporation, other than the NEOs, the value of option-based awards and share-based awards which vested during the year ended December 31, 2014 and the value of non-equity incentive plan compensation earning during the year ended December 31, 2014:

NEO Name	Option-based awards – Value vested during the year (\$)	Share-based awards - Value vested during the year ⁽¹⁾ (\$)	Non-equity incentive plan compensation - Value earned during the year ⁽²⁾ (\$)
Mark S. Boensel	\$21,218	Nil	Nil
Peter F. Chodos	\$14,050	Nil	Nil
Louis De Jong	Nil	Nil	Nil
Michael F. Doolan	\$14,050	Nil	Nil
David Fraser	\$8,935	Nil	Nil
Michael D. Harris	\$18,734	Nil	Nil

Notes:

- (1) The Corporation does not have a share-based awards plan.
- (2) The Corporation does not have any long-term non-equity incentive plans in place.

Any options held by a director that vested during the year had an exercise price higher than the market price at the time of vesting and therefore no dollar amount would have been realized if the options had been exercised on the date of vesting.

The Board considers option grants to directors at the time a director joins the Board and annually thereafter. Option grants to directors are intended as a long term incentive and vest as follows: (a) thirty percent (30%) on the first anniversary after the date of the grant (b) thirty percent (30%) on the second anniversary after the date of the grant and (c) forty percent (40%) on the third anniversary after the date of the grant.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information as of December 31, 2014, concerning options outstanding pursuant to the Plan and which is the only compensation plan of the Corporation under which equity securities of the Corporation are authorized for issuance:

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of Common Shares remaining available for future issuance under the stock option plan ⁽¹⁾
Stock Option Plan	29,124,000	\$0.14	8,100,141

Note:

- (1) The Plan provides for the grant of options for the purchase of up to 10% of the issued and outstanding Common Shares. See “Particulars of Matters to Be Acted Upon - Re-Approval of Stock Option Plan” below.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

To the knowledge of the Corporation, no director, proposed director or senior officer of the Corporation, or any associate of such director, proposed director or senior officer, was indebted to the Corporation at any time during its most recently completed financial year.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person, proposed director of the Corporation or any associate or affiliate of any informed person or proposed director, 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.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the directors and senior officers of the Corporation, the only matters to be placed before the Meeting are those set forth in the Notice relating to: the election of directors of the Corporation for the ensuing year,

the re-appointment of auditors of the Corporation for the ensuing year and authorizing the directors to fix the auditors' remuneration, the re-approval of the Plan and the resolution authorizing the re-approval of the consolidation of Common Shares.

Audited Financial Statements

The Corporation's financial statements for the fiscal year ended December 31, 2014 and the report of the auditors thereon are annexed to this Circular and will be placed before the Meeting. Receipt at the Meeting of the auditors' report and the Corporation's financial statements for this fiscal period will not constitute approval or disapproval of any matters referred to therein.

Election of Directors

The number of directors to be elected at the Meeting is seven (7). All directors so elected will hold office until the end of the next annual meeting of Shareholders of the Corporation or until their successors are elected or appointed, unless his office is vacated earlier in accordance with the by-laws of the Corporation or with the provisions of the *Business Corporations Act* (Ontario) (the "OBCA"). **The persons named in the enclosed form of proxy intend to cast the votes to which the Common Shares represented by such proxy are entitled for the election of the nominees whose names are set forth below, unless the Shareholder who has given such proxy has directed that the Common Shares be withheld from voting on the election of directors.** The directors and senior officers of the Corporation do not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason at or prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion.

The following table sets forth certain information with respect to all persons proposed to be nominated by management for election as directors:

Name, Province and Country of Residence & Position	Director Since	Present Occupation if Different from Office Held	Shares Beneficially, Directly or Indirectly, Owned or Over Which Control is Exercised ⁽¹⁾
Rear Admiral Mark S. Boensel ⁽³⁾ Director Jacksonville, Florida, USA	January 2, 2012	President and CEO, Boensel Consulting Services LLC. Since January 2012	706,845
Tony P. Busseri Chief Executive Officer and Director Ontario, Canada	September 24, 2009	CEO, Route1 Inc. Since February 2010	5,186,000
Peter F. Chodos ⁽²⁾⁽³⁾ Director Ontario, Canada	September 24, 2009	Director, Portex Minerals Inc. Since December 2010; Executive Vice President, Chieftain Metals Corp. Since October 2012	887,222
Louis De Jong Director Ontario, Canada	November 27, 2012	CFO BSM Technologies Inc Since January 2014 Managing Partner, De Jong & Co. Since June 2012	28,062,000
Michael F. Doolan ⁽²⁾ Director Ontario, Canada	June 9, 2005	EVP and CFO, Molycorp Inc. Since June 2012	1,772,500
David Fraser ⁽²⁾ Director Ontario, Canada	October 22, 2012	President and CEO, Aegis Six Corporation Since October 2012	713,650

Name, Province and Country of Residence & Position	Director Since	Present Occupation if Different from Office Held	Shares Beneficially, Directly or Indirectly, Owned or Over Which Control is Exercised ⁽¹⁾
		COO, INKAS Since May 2015	
Michael D. Harris Chairman and Director Ontario, Canada	September 24, 2009	Senior Business Advisor, Fasken Martineau DuMoulin LLP Since September 2013	4,748,306

Notes:

- (1) The information in respect of the Common Shares beneficially owned or over which each director exercises control or direction has been provided individually by each nominee and is not within the knowledge of the Corporation.
- (2) Indicates member of the Audit Committee.
- (3) Indicates member of the Compensation Committee.

The Board has adopted a policy providing that in an uncontested election of directors, any nominee who receives a greater number of votes “Withheld” than votes “For” will submit his or her resignation promptly following the Meeting. The Compensation Committee will consider the offer of resignation and, except in extraordinary circumstances, will be expected to recommend that the Board accept the resignation, if applicable. The Board may: (1) leave a vacancy on the Board until the Corporation’s next annual meeting; (2) fill the vacancy by appointing a new director whom the Board considers to merit the confidence of the Shareholders; or (3) call a special meeting of Shareholders to consider new Board nominee(s) to the vacant position(s).

IF ANY OF THE ABOVE NOMINEES IS FOR ANY REASON UNAVAILABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR ANOTHER NOMINEE IN THEIR DISCRETION UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN THE ELECTION OF DIRECTORS.

To the knowledge of the Corporation, no proposed director of the Corporation or any holding company of any proposed director (a) is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company, including the Corporation, that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued while the director was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days 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, (b) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company, including the Corporation, 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, state the fact; or (c) has, within the 10 years before the date of this 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 director, other than: (1) Michael F. Doolan, who is an officer of MolyCorp Inc. which filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code on June 25, 2015 and resigned as a director of GBS Gold International Inc. (“**GBS**”) on November 20, 2008 after GBS began voluntary liquidation proceedings in respect of its Australian subsidiaries on September 15, 2008; and (2) Michael D. Harris who was a director of Grant Forest Products Inc. (“**Grant Forest Products**”), a privately held forest products company, which filed for and obtained protection under the *Companies Creditors Arrangement Act* on June 25, 2009. Mr. Harris resigned as a director of Grant Forest Products in June 2010. Mr. Harris was also a director of Naturade, Inc. (“**Naturade**”) until August 2006. Within a year after his resignation as a director, Naturade filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code.

As at the date hereof, no 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 Shareholder in deciding whether to vote for a proposed director.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE ELECTION OF THE ABOVE-NAMED NOMINEES, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF. MANAGEMENT HAS NO REASON TO BELIEVE THAT ANY OF THE NOMINEES WILL BE UNABLE TO SERVE AS A DIRECTOR BUT, IF A NOMINEE IS FOR ANY REASON UNAVAILABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE REMAINING NOMINEES AND MAY BE VOTED FOR A SUBSTITUTE NOMINEE UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF THE ELECTION OF DIRECTORS.

Appointment of Auditors

The Board is recommending the re-appointment of Collins Barrow LLP, Chartered Accountants, to act as the Corporation's auditors in respect of the year ending December 31, 2015. At the Meeting, Shareholders will be asked to consider and, if thought fit, approve the re-appointment of Collins Barrow LLP, Chartered Accountants, as the auditors of the Corporation for the ensuing year until the close of the next annual meeting or until their successors are appointed. Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the appointment of Collins Barrow LLP, Chartered Accountants, as auditors of the Corporation, and to authorize the directors to fix the auditors' remuneration. Collins Barrow LLP was appointed as auditors of the Corporation in 2012, 2013 and 2014.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF COLLINS BARROW LLP AS AUDITORS OF THE CORPORATION UNTIL THE CLOSE OF ITS NEXT ANNUAL MEETING AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THE REMUNERATION OF THE AUDITORS, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.

Re-Approval of Stock Option Plan

Pursuant to Policy 4.4 – Incentive Stock Options (“**Policy 4.4**”) of the TSX Venture Exchange (the “**TSXV**”), all TSXV listed companies are required to receive annual approval for a rolling stock option plan. The Plan was first approved by the Shareholders of the Corporation on October 15, 2004 and most recently approved by Shareholders of the Corporation on November 25, 2014. The purpose of the Plan is to advance the interests of the Corporation by encouraging the directors, officers, employees and consultants of the Corporation, and of its subsidiaries and affiliates, if any, to acquire Common Shares in the share capital of the Corporation, thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

A copy of the Plan is attached as Schedule “A” to this Circular.

In summary, the terms of the Plan authorize the Board to grant stock options to optionees on the following terms:

The number of Common Shares which may be reserved for issuance under the Plan may not at any time exceed 10% of the issued and outstanding Common Shares of the Corporation. No single Participant may be granted options to purchase a number of Shares equalling more than 5% of the issued Common Shares of the Corporation in any one twelve month period unless the Corporation has obtained disinterested Shareholder approval in respect of such grant and meets applicable TSXV requirements. The option price of any Common Shares cannot be less than the greater of: (i) \$0.05 and (ii) the market price of the Common Shares, less any allowable discount. Options granted under the Plan may be exercised during a period not exceeding ten (10) years, subject to earlier termination upon the

termination of the optionee's employment, upon the optionee ceasing to be an employee, senior officer, director or consultant of the Corporation or any of its subsidiaries, as applicable, or upon the optionee retiring, becoming permanently disabled or dying. The options are non-transferable. The Plan contains provisions for adjustment in the number of shares issuable there under in the event of a subdivision, consolidation, reclassification or change of the Common Shares, a merger or other relevant changes in the Corporation's capitalization. The Plan does not contain any provision for financial assistance by the Corporation in respect of options granted.

Management recommends the re-approval of the Plan. To be effective, the Plan must be approved by not less than a majority of the votes cast by the holders of Common Shares present in person, or represented by proxy, at the Meeting. **UNLESS OTHERWISE INDICATED, THE PERSONS DESIGNATED AS PROXY HOLDERS IN THE ACCOMPANYING FORM OF PROXY WILL VOTE THE COMMON SHARES REPRESENTED BY SUCH FORM OF PROXY, PROPERLY EXECUTED, FOR THE RE-APPROVAL OF THE PLAN.**

Accordingly, the Shareholders of the Corporation will be asked to consider and, if deemed appropriate, to pass with or without variation, an ordinary resolution, in the form set out below, subject to such amendments, variations or additions as may be approved at the Meeting, to approve the Plan attached to this Circular as Schedule "A".

The text of the resolution to be submitted to Shareholders at the Meeting is as follows:

"NOW THEREFORE BE IT RESOLVED THAT":

1. the Plan attached to this Circular as Schedule "A", subject to any modifications required by applicable stock exchanges or regulatory authorities, be and is hereby authorized and approved to grant stock options pursuant and subject to the terms and conditions of the Plan, entitling the option holders to purchase up to a maximum of 10% of the issued and outstanding capital of the Corporation as at the time of the grant, in accordance with the terms of the Plan and within the rules and policies of applicable stock exchanges or regulatory authorities in effect at the time of granting, be and is hereby approved;
2. any one director or one officer of the Corporation is hereby authorized and directed, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such other acts and things, as may in the opinion of such director or officer of the Corporation be necessary or desirable to carry out the intent of the foregoing resolution."

Re-Approve a Resolution Authorizing the Consolidation of Common Shares

The Shareholders will be asked to consider, and if thought fit, to pass, a special resolution giving the directors the discretion to approve a consolidation (the "**Consolidation**") of Common Shares on the basis of up to 20 pre-Consolidation Common Shares (or such lesser number as is determined by the Board of Directors) for every 1 post-Consolidation Common Share, with such discretion to be exercised prior to Route1's next annual meeting of Shareholders.

A sustained higher per share price of the Common Shares, which the Corporation would expect as a result of the Consolidation, may heighten the interest of the financial community in the Corporation and broaden the pool of investors that may consider investing in the Corporation, potentially increasing the trading volume and liquidity of the Common Shares. As a matter of policy, many institutional investors are prohibited from purchasing stocks below certain minimum price levels. For that reason, brokers often discourage their customers from purchasing certain stocks.

To the extent that the price per share of the Common Shares remains at a higher per share price as a result of the Consolidation, some of these concerns may be alleviated. Shareholders are being asked to approve a Consolidation of up to 20 pre-Consolidation Common Shares (or such lesser number as is determined by the Board of Directors) for every 1 post-Consolidation Common Share. If the Board of Directors concludes that less than a 20 times Consolidation is appropriate, the resolution authorizes that lesser Consolidation.

Based on an assumption of a 20 times Consolidation, outstanding options to purchase Common Shares will become exercisable for post-Consolidation Common Shares on the basis of 1 post-Consolidation Common Share for every 20 pre-Consolidation Common Shares subject to that option and the post-Consolidation exercise price per share of those options will be increased by a factor of 20. The Consolidation example used herein may change based on the actual exchange ratios.

No certificate representing fractional Common Shares will be issued as a result of the Consolidation. If the Consolidation results in a Shareholder becoming entitled to a fractional Share, such fraction shall be rounded up and that Shareholder will be entitled to receive one post-Consolidation Share for that fraction. In calculating a fractional interest, all of the Common Shares held beneficially by a Shareholder will be aggregated.

The special resolution, if approved by the Shareholders of two thirds or more of the Common Shares present in person or by proxy at the Meeting, will authorize the Corporation to file articles of amendment giving effect to the Consolidation. The special resolution authorizes the Board of Directors to revoke the special resolution without further approval of the Shareholders at any time prior to the issue of a certificate of amendment giving effect to the special resolution.

Letters of transmittal will be sent by mail to all Shareholders of record at a later date, instructing them to surrender the certificates evidencing their pre-Consolidation Common Shares for replacement certificates in new form representing the number of post-Consolidation Shares to which they will be entitled.

Set out below is the text of the special resolution to be submitted to the Shareholders at the Meeting.

“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the directors of the Corporation are hereby authorized in their sole discretion, for a period expiring on the date of the Corporation’s next annual general meeting, to amend the Corporation’s articles by consolidating the issued and outstanding Common Shares of the Corporation on the basis that 20 of such Common Shares (or such lesser number as is determined by the Board of Directors) will become 1 Common Share; in such case, no fractional Common Shares of the Corporation shall be issued in connection with the Consolidation and the number of Common Shares to be received by a Shareholder shall be rounded up to the nearest whole number of Common Shares in the event that such Shareholder would otherwise be entitled to receive a fractional Common Shares upon such Consolidation;
2. any officer or director of the Corporation is authorized on behalf of the Corporation to execute and deliver articles of amendment, in duplicate, to the Director appointed under the Business Corporations Act (Ontario) and to do and perform all things, including the execution of documents, necessary or advisable in connection with the foregoing;
3. notwithstanding that this resolution has been duly passed by Shareholders, the Board is hereby authorized and empowered, if it decides not to proceed with this resolution, to revoke this resolution in whole or in part at any time prior to it being given effect without further notice to, or approval of, Shareholders.”

To be approved, the special resolution must be passed by at least two-thirds of the votes cast by Shareholders, in person or by proxy, at the Meeting in respect of this special resolution. **Proxies received in favour of Management will be voted in favour of the special resolution, unless the Shareholder has specified in the proxy that the Shareholder’s Common Shares are to be voted against the special resolution.**

AUDIT COMMITTEE DISCLOSURE

The Corporation’s disclosure of its audit practices pursuant to National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”) is set out below in the form required by Form 52-110F2 – *Disclosure by Venture Issuers*. The Audit Committee is responsible for the oversight and supervision of the accounting and financial reporting practices and procedures of the Corporation, monitoring the adequacy of internal accounting controls and procedures and reviewing the quality and integrity of financial statements of the Corporation. The independent auditors of the

Corporation report directly to the Audit Committee. In addition, the Audit Committee is responsible for reviewing and approving the auditors' examination of specific areas and for recommending to the Board of Directors the selection of independent auditors of the Corporation.

Audit Committee Charter

A copy of the charter (the "**Audit Committee Charter**") of the Audit Committee is attached to this Circular as Schedule "B".

Composition of the Audit Committee

The current members of the Audit Committee are Michael F. Doolan (chairman), Peter F. Chodos and David Fraser. Messrs. Doolan, Chodos and Fraser are "independent" and are "financially literate" within the meaning of NI 52-110.

Relevant Education and Experience

The following is a brief summary of the education or experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee, including any education or experience that has provided the member with an understanding of the accounting principles used by the Corporation to prepare its annual and interim financial statements:

Michael F. Doolan, Chairman of the Audit Committee - Mr. Doolan has extensive financial management experience and is currently Executive Vice President and CFO of Molycorp Inc., a producer, processor and developer of rare earth materials, and was until his resignation on November 20, 2008 a corporate director and chairman of the nominations committee of GBS Gold International Inc. Prior to 2005, he was Senior Vice President, Chief Financial Officer of Falconbridge Limited, one of the world's largest nickel producers.

Peter F. Chodos - Mr. Chodos has over 35 years of experience in financial management and corporate finance with Wood Gundy, Loewen, Ondaatje, McCutcheon and BZW Canada. Mr. Chodos also serves in a senior management position in two public companies. Mr. Chodos received his Masters of Business Administration from Harvard University and a Bachelor of Commerce Degree from McGill University. Mr. Chodos is a Chartered Professional Accountant and a Chartered Business Valuator.

David Fraser - Mr. Fraser has extensive financial management experience and is currently the President and CEO of Aegis Six Corporation and also the COO of INKAS. Prior to becoming the President and CEO of Aegis Six Corporation and COO of INKAS, Mr. Fraser was the Major General, Commander, Land Forces Doctrine and Training Systems and 1st Canadian Division from July 2009 to August 2011.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year has a recommendation by the Audit Committee respecting the appointment and/or compensation of the external auditors of the Corporation not been adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee must, prior to the provision of services, approve any non-audit services to be provided to the Corporation and/or any of its subsidiaries by the independent auditor of the Corporation and the fees associated with those services.

External Auditor Service Fees

The aggregate fees billed to the Corporation by the Corporation's external auditors in each of the last two fiscal years for: (i) audit services ("**Audit Fees**"), (ii) assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements and that are

not included in Audit Fees (“**Audit-Related Fees**”), (iii) professional services rendered by the Corporation’s external auditor for tax compliance, tax advice, and tax planning (“**Tax Fees**”), and (iv) products and services provided by the Corporation’s external auditor, other than Audit Fees, Audit-Related Fees and Other Fees (“**All Other Fees**”), are as follows:

Year Ended December 31	Audit Fees ⁽¹⁾	Audit-Related Fees	Tax Fees	All Other Fees
2014 ⁽²⁾	\$48,000	Nil	Nil	Nil
2013 ⁽²⁾	\$48,000	Nil	Nil	Nil

Notes:

- (1) Exclusive of HST.
- (2) The 2012, 2013 and 2014 year end audit was performed by Collins Barrow LLP.

The Corporation is relying on the exemption set out in Section 6.1 of NI 52-110.

CORPORATE GOVERNANCE DISCLOSURE

The Corporation’s disclosure of corporate governance practices pursuant to National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) is set out below in the form required by Form 58-101F2 – *Corporate Governance Disclosure* (Venture Issuers).

Board of Directors

The Board is currently comprised of the following seven directors: Mark S. Boensel, Tony P. Busseri, Peter F. Chodos, Louis De Jong, Michael F. Doolan, David Fraser and Michael D. Harris. Six of the directors are Independent (as that term is defined in Section 1.2 of NI 58-101), namely Mark S. Boensel, Peter Chodos, Louis De Jong, Michael Doolan, David Fraser and Michael Harris.

One of the current directors is not Independent (as that term is defined in Section 1.2 of NI 58-101) namely, Tony. P. Busseri as the Chief Executive Officer of the Corporation.

Directorships

The following directors are also directors of the reporting issuers listed below:

Director	Reporting Issuer	Exchange
Mark S. Boensel	None	N/A
Tony P. Busseri	None	N/A
Peter F. Chodos	Portex Minerals Inc.	CNSX
Louis De Jong	Enablence Technologies Inc. Augyva Mining Resources Inc.	TSXV TSXV
Michael F. Doolan	None	N/A
David Fraser	None	N/A

Director	Reporting Issuer	Exchange
Michael D. Harris	Canaccord Genuity Group Inc. Chartwell Retirement Residences Colliers International Group Inc.	TSX, AIM TSX TSX, NASDAQ

Orientation and Continuing Education

New directors are provided with information on the Corporation and its management and will be fully briefed by senior management to give them an in depth understanding of the business and its issues.

Ongoing training and development of directors consists of similar components, including regular updates of the business, its opportunities and any issues it is confronting.

Ethical Business Conduct

The Corporation has a written Code of Business Conduct and Ethics (the “**Code**”) that applies to all employees, officers and directors and is designed to promote integrity and deter wrongdoing. The Code is available on SEDAR at www.sedar.com. The Corporation and the Board also operate in an environment that promotes ethical corporate behaviour, encouraging open lines of communication for employees, Shareholders and others to contact the Board and management. In addition, independent members of the Board meet after each scheduled Board meeting without management involvement. The Board is responsible for monitoring compliance with the Code.

Nomination of Directors

The independent directors review and assess potential candidates for the Board of Directors and recommend suitable members to the entire Board of Directors. It is the independent directors responsibility to develop and update the Board for approval a long term plan for Board composition that takes into consideration among other matters, the following: (a) the independence of each director; (b) the competencies and skills the Board, as a whole, should possess; (c) the current strengths, skills and experience represented by each director, as well as each director’s personality and other qualities as they affect Board dynamics; (d) retirement dates; (e) the diversity of the Board; and (f) the strategic direction of the Company.

Compensation

Compensation for the directors and the officers of the Corporation is determined by the Board of Directors based upon recommendations made by the Compensation Committee. The current members of the Compensation Committee are Peter F. Chodos (Chairman) and Mark S Boensel. Mr. Chodos and Mr. Boensel are Independent (as that term is defined in Section 1.2 of NI 58-101).

The Compensation Committee sets the goals and corporate targets for the CEO upon which his compensation will be based. The Compensation Committee, in conjunction with the CEO, set the goals and corporate targets upon which senior management compensation will be based. In undertaking its responsibilities, the Compensation Committee has used consulting firms in order to comprehensively research market-based compensation matters, including salaries, bonuses, equity, and employment agreements for the senior management and Directors of the Corporation.

The Board does not feel it is necessary to assess the effectiveness of individual Board members. Each Board member has considerable experience which is sufficient to meet the needs of the Corporation. On an annual basis, however, the Board assesses the contributions of each of the individual directors, and of the Board as a whole, in order to determine whether each is functioning effectively.

Other Board Committees

The Corporation currently does not have any other Board committees with the exception of the Audit Committee and the Compensation Committee.

Assessments

The Board of Directors assesses itself and its committees on a regular basis to determine its level of effectiveness. Participation is expected at all board and committee meetings.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation has purchased, at its expense, directors' and officers' liability insurance in the aggregate amount of \$5,000,000 for protection of its directors and officers against liability incurred by them in their capacities as directors and officers of the Corporation. For the period from November 24, 2014 to November 24, 2015 the Corporation paid a premium of \$18,750 plus applicable taxes.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is on SEDAR at www.sedar.com. Financial information is provided in the Corporation's comparative annual financial statements and management discussion and analysis for its most recently completed financial year. Shareholders may contact the Corporation at 8 King Street East, Suite 600, Toronto, Ontario, M5C 1B5 to request copies of the Corporation's financial statements and management discussion and analysis.

BOARD APPROVAL

The contents and sending of this Circular have been approved by the Board of Directors of the Corporation. A copy of this Circular has been sent to (i) each director of the Corporation, (ii) each Shareholder entitled to receive notice of the Meeting, and (iii) the auditors of the Corporation.

DATED as of the 1st day of October, 2015.

"Michael D. Harris"

Michael D. Harris
Chairman

SCHEDULE "A"
ROUTE1 INC.

STOCK OPTION PLAN

1. Purpose

The purpose of the Stock Option Plan (the "Plan") of Route1 Inc., a corporation incorporated under the *Business Corporations Act* (Ontario) (the "Corporation"), is to advance the interests of the Corporation by encouraging the directors, officers, employees and consultants of the Corporation, and of its subsidiaries and affiliates, if any, to acquire common shares in the share capital of the Corporation (the "Shares"), thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

2. Administration

The Plan shall be administered by the Board of Directors of the Corporation or by a special committee of the directors appointed from time to time by the Board of Directors of the Corporation pursuant to rules of procedure fixed by the Board of Directors (such committee or, if no such committee is appointed, the Board of Directors of the Corporation is hereinafter referred to as the "Board"). A majority of the Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the directors.

Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into thereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all participants in the Plan and on their legal personal representatives and beneficiaries.

Each option granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Corporation and by the optionee, in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

3. Stock Exchange Rules

All options granted pursuant to this Plan shall be subject to rules and policies of any stock exchange or exchanges on which the common shares of the Corporation are then listed and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as, the "Exchange").

4. Shares Subject to Plan

Subject to adjustment as provided in Section 15 hereof, the Shares to be offered under the Plan shall consist of common shares of the Corporation's authorized but unissued common shares. The aggregate number of Shares issuable upon the exercise of all options granted under the Plan shall not exceed 10% of the issued and outstanding shares of the Corporation. If any option granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the unpurchased shares subject thereto shall again be available for the purpose of this Plan.

5. Maintenance of Sufficient Capital

The Corporation shall at all times during the term of the Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

6. Eligibility and Participation

Directors, officers, consultants, and employees of the Corporation or its subsidiaries shall be eligible for selection to participate in the Plan (such persons hereinafter collectively referred to as “Participants”). Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the options were held by the Participant.

Subject to the terms hereof, the Board shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, and the number of Shares to be subject to each option. In the case of employees or consultants of the Corporation, the option agreements to which they are party must contain a representation of the Corporation that such employee or consultant, as the case may be, is a bona fide employee or consultant of the Corporation or its subsidiaries.

A Participant who has been granted an option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional option or options if the Board shall so determine.

7. Exercise Price

- (a) The exercise price of the Shares subject to each option shall be determined by the Board, subject to applicable Exchange approval, at the time any option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange.
- (b) Once the exercise price has been determined by the Board, accepted by the Exchange and the option has been granted, the exercise price of an option may be reduced upon receipt of Board approval, provided that in the case of options held by insiders of the Corporation (as defined in the policies of the Exchange), the exercise price of an option may be reduced only if disinterested shareholder approval is obtained.

8. Number of Optioned Shares

The number of Shares subject to an option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an option which exceeds the maximum number permitted by the Exchange.

No single Participant may be granted options to purchase a number of Shares equalling more than 5% of the issued common shares of the Corporation in any one twelve month period unless the Corporation has obtained disinterested shareholder approval in respect of such grant and meets applicable Exchange requirements.

Option shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued common shares of the Corporation in any one twelve month period to any one consultant of the Corporation (or its subsidiaries or affiliates).

Options shall not be granted if the exercise price thereof would result in the issuance of more than 2% of the issued common shares of the Corporation in any one twelve month period to persons employed to provide investor relations activities (as such terms are defined in the policies of the Exchange) for the Corporation. Options granted to consultants performing investor relations activities for the Corporation will contain vesting provisions such that vesting occurs over at least 12 months with no more than ¼ of the options vesting in any 3 month period.

9. Duration of Option

Each option and all rights thereunder shall be expressed to expire on the date set out in the option agreement and shall be subject to earlier termination as provided in Sections 11 and 12, provided that in no circumstance shall the duration of an option exceed the maximum term permitted at the Exchange. For greater certainty, if the Corporation is listed on the TSX Venture Exchange Inc. (“TSX-V”), the maximum term may not exceed 5 years.

10. Option Period, Consideration and Payment

- (a) The option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the option period shall be reduced with respect to any option as provided in Sections 11 and 12 covering cessation as a director, officer, consultant or employee of the Corporation or its subsidiaries, or death of the Participant.
- (b) Subject to the policies of the Exchange, an option shall vest and may be exercised (in each case to the nearest full Share) during the option period in such manner as the Board may determine.
- (c) Subject to any vesting restrictions imposed by the Board, options may be exercised in whole or in part at any time and from time to time during the option period. To the extent required by the Exchange, no options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Corporation.
- (d) Except as set forth in Sections 11 and 12, no option may be exercised unless the Participant is at the time of such exercise a director, officer, consultant, or employee of the Corporation or any of its subsidiaries.
- (e) The exercise of any option will be contingent upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Shares with respect to which the option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the option is exercised. No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any common shares of the Corporation, unless and until the certificates for such Shares issuable pursuant to options under the Plan are issued to him or them under the terms of the Plan.

11. Ceasing To Be a Director, Officer, Consultant or Employee

If a Participant shall cease to be a director, officer, consultant, employee of the Corporation or its subsidiaries, for any reason (other than death), such Participant may exercise his option to the extent that the Participant was entitled to exercise it at the date of such cessation, but provided that such exercise must occur within 90 days after the Participant ceases to be a director, officer, consultant or employee, unless (a) otherwise noted in a separate agreement with the Participant in which case, such exercise must occur according to such agreement up to a maximum of 180 days after the cessation of the Participant's services to the Corporation or (b) such Participant was engaged in investor relations activities in which case, such exercise must occur within 30 days after the cessation of the Participant's services to the Corporation.

Nothing contained in the Plan, nor in any option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, consultant or employee of the Corporation or of any of its subsidiaries or affiliates.

12. Death of Participant

Notwithstanding section 11, in the event of the death of a Participant, the option previously granted to him shall be exercisable only within the one (1) year after such death and then only:

- (a) by the person or persons to whom the Participant's rights under the option shall pass by the Participant's will or the laws of descent and distribution; and
- (b) if and to the extent that such Participant was entitled to exercise the Option at the date of his death.

13. Rights of Optionee

No person entitled to exercise any option granted under the Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of such option until certificates representing such Shares shall have been issued and delivered.

14. Proceeds from Sale of Shares

The proceeds from the sale of Shares issued upon the exercise of options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

15. Adjustments

If the outstanding common shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation through re-organization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, an appropriate and proportionate adjustment shall be made by the Board in its discretion in the number or kind of Shares optioned and the exercise price per Share, as regards previously granted and unexercised options or portions thereof, and as regards options which may be granted subsequent to any such change in the Corporation's capital.

Upon the liquidation or dissolution of the Corporation or upon a re-organization, merger or consolidation of the Corporation with one or more corporations as a result of which the Corporation is not the surviving corporation, or upon the sale of substantially all of the property or more than eighty (80%) percent of the then outstanding common shares of the Corporation to another corporation, the Plan shall terminate, and any options theretofore granted hereunder shall terminate unless provision is made in writing in connection with such transaction for the continuance of the Plan and for the assumption of options theretofore granted, or the substitution for such options of new options covering the shares of a successor employer corporation, or a parent or subsidiary thereof, with appropriate adjustments as to number and kind of shares and exercise prices, in which event the Plan and options theretofore granted shall continue in the manner and upon the terms so provided. If the Plan and unexercised options shall terminate pursuant to the foregoing sentence, the Shares subject to all options granted shall immediately vest and all Participants then entitled to exercise an unexercised portion of options then outstanding shall have the right at such time immediately prior to consummation of the event which results in the termination of the Plan as the Corporation shall designate, to exercise their options to the full extent not theretofore exercised.

Adjustments under this Section shall be made by the Board whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional share shall be required to be issued under the Plan on any such adjustment.

16. Transferability

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or the extent, if any, permitted by the Exchange. During the lifetime of a Participant any benefits, rights and options may only be exercised by the Participant.

17. Amendment and Termination of Plan

Subject to applicable approval of the Exchange, the Board may, at any time, suspend or terminate the Plan. Subject to applicable approval of the Exchange, the Board may also at any time amend or revise the terms of the Plan, provided that no such amendment or revision shall result in a material adverse change to the terms of any options theretofore granted under the Plan unless shareholder approval, or disinterested shareholder approval, as the case may be, is obtained for such amendment or revision.

18. Necessary Approvals

The ability of a Participant to exercise options and the obligation of the Corporation to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Corporation and any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such Shares shall terminate and any option exercise price paid to the Corporation will be returned to the Participant.

19. Effective Date of Plan

The Plan has been adopted by the Board of the Corporation subject to the approval of the Exchange and, if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained.

20. Interpretation

The Plan will be governed by and construed in accordance with the laws of the Province of Ontario.

MADE by the Board of Directors of the Corporation, as evidenced by the signature of the following director duly authorized in that behalf, effective the 17th day of March, 2003 and first approved by the shareholders of the Corporation on October 15, 2004 as part of the RTO Transaction. The Plan received subsequent shareholder approval on June 9, 2005, August 29, 2007, July 17, 2008, September 24, 2009, September 15, 2010, September 26, 2011, October 22, 2012, November 26, 2013 and November 25, 2014.

ROUTE1 INC.

Per: Tony P. Busseri

Name: Tony P. Busseri

Title: Chief Executive Officer and a Director

SCHEDULE "B"
ROUTE1 INC.

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

1. PURPOSE

The purpose of the Audit Committee is to assist the Board of Directors (the "Board") in fulfilling its oversight responsibilities in relation to the integrity of the financial statements of Route1 Inc. (the "Corporation"), the integrity of the internal control systems of the Corporation, the Corporation's compliance with legal and regulatory requirements, the qualifications, independence and performance of the auditor, the performance of the Corporation's internal audit function, the risk management, financial planning, investment and capital-raising activities, and to perform the additional duties set out in this charter or otherwise delegated to the Audit Committee by the Board.

2. MEMBERS

The Board will appoint not less than three Directors to be members of the Audit Committee. A majority of the members must be independent Directors¹ and all of whom must be financially literate² or agree to become financially literate within a reasonable period of time following the member's appointment; and not serve on the audit committees of two or more other publicly traded issuers (unless the Board determines that service on those other audit committees would not impair the ability of the member to effectively serve on the Audit Committee).

Each year, the Board must appoint one member to be chair of the Audit Committee (the "Chair"). The Chair must not hold, or be a general partner; controlling shareholder or officer of a holder of, 20% or more of the Corporation's voting shares. If, in any year, the Board does not appoint a Chair, the incumbent Chair shall continue in office until a successor is appointed.

Each member will hold office until his or her term as a member of the Audit Committee expires or is terminated. Any member may be removed and replaced at any time by the Board, and will automatically cease to be a member as soon as the member ceases to meet the qualifications set out in this mandate. The Board must fill vacancies in the Audit Committee by appointment from among the members of the Board in accordance with the procedures set out in this mandate. If a vacancy exists on the Audit Committee, the remaining members shall exercise all its powers so long as a quorum remains in office.

3. DUTIES

- (a) **Oversight Responsibility.** Management of the Corporation is responsible for the design and implementation of accounting and reporting systems, supported by internal controls to safeguard assets from loss or unauthorized use and to ensure the accuracy of the financial records, and the preparation of the Corporation's financial statements. The auditor is responsible to plan and perform an audit to express an opinion on whether the financial statements present fairly, in all material respects, the financial position of the Corporation and the results of its operations and its cash flows in accordance with international financial reporting standards ("IFRS"). The Audit Committee is responsible to oversee these processes and to set the tone for quality financial reporting, sound business risk practices and ethical behavior.
- (b) **Relationship with the Auditor.** The Audit Committee is responsible for recommending the auditor to the Board. The Board will review this recommendation and nominate the auditor to be proposed for appointment by the shareholders. The auditor reports directly to the Audit Committee. The Audit Committee must have a clear understanding with management and the

¹ As defined in National Instrument 52-110 – Audit Committees ("NI 52-110").

² Ibid, Note 1.

auditor that the auditor is ultimately accountable to the Audit Committee and the Board, as representatives of the shareholders. The Audit Committee must review the auditor's engagement letter.

- (c) **Evaluation of the Auditor.** The Audit Committee must, after taking into account the opinions of management, evaluate the performance of the auditor and the engagement partner. The Audit Committee must seek comments from management of the Corporation for the appointment or reappointment of the auditor. If management proposes a change in auditor, the Audit Committee must consider the reasons for the change, including the response of the incumbent auditor. If a change in auditor is proposed, the Audit Committee must review the transition plans with management, the auditor and the proposed auditor to ensure an orderly transition.
- (d) **Independence of the Auditor.** At least annually, and before the auditor issues its report on the annual financial statements, the Audit Committee must:
- ensure that the auditor submits a formal written statement defining all relationships between the auditor (including all related businesses or practices) and the Corporation;
 - discuss with the auditor any disclosed relationships or services that may affect the objectivity and independence of the auditor;
 - obtain written confirmation from the auditor that they are objective within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of Chartered Accountants to which they belong; and
 - consider the safeguards implemented by the external auditor to minimize any threats to their independence.
- (e) **Non-Audit Services.** The Audit Committee must pre-approve the appointment of the auditor for any non-audit service (other than those non-audit services that qualify as *De Minimis Non-Audit Services* in NI 52-110) that is not prohibited under the rules of the Canadian Public Accountability Board and the Independence Standards of the Canadian Institute of Chartered Accountants. Before the appointment of the auditor for any non-audit service, the Audit Committee must consider the compatibility of the service with the auditor's independence. For greater certainty, the Audit Committee has the sole authority to appoint the auditor for any non-audit service. The Audit Committee must review the fees billed to the Corporation for non-audit services performed by the auditor and for non-audit services performed by other accounting firms.
- (f) **Communications with the Auditor.** The Audit Committee must meet privately with the auditor at least once per year to discuss any items of concern to the Audit Committee or the auditor, such as:
- problem areas that will be referred to in the auditor's management letter;
 - whether or not the auditor is satisfied with the quality and effectiveness of the financial recording procedures and systems;
 - the extent to which the auditor is satisfied with the nature and scope of the auditor's examination;
 - whether or not the auditor has received full co-operation of management and staff of the Corporation; and
 - the auditor's opinion of the competence and performance of the Chief Financial Officer (the "CFO"), and other key financial personnel.

The Audit Committee should discuss with the auditor the items required to be communicated to the Audit Committee under the Canadian Institute of Chartered Accountants' Handbook section 5751, Communications with those having oversight responsibility for the financial reporting process.

- (g) **Review of the Audit Plan.** The Audit Committee must discuss with the auditor the nature of an audit and the responsibility assumed by the auditor when conducting an audit under generally accepted auditing standards (“GAAS”) and consider whether or not the nature and scope of the planned audit procedures can reasonably be expected to:

- detect weakness in internal control and frauds or other illegal acts; and
- determine whether the financial statements present fairly, in all material respects, the financial position of the Corporation in accordance with IFRS.

- (h) **Audit Fees.** The Audit Committee has sole authority to determine the auditor’s fee. In determining the auditor’s fee, the Audit Committee must consider the number and nature of reports issued by the auditors, the quality of the internal controls, the size, complexity and financial condition of the Corporation and the extent of internal audit and other support provided by the Corporation to the auditor.

- (i) **Disclosure of Financial and Related Information**

Review of Annual Audited Financial Statements

The Audit Committee must:

- review the annual audited financial statements, before their approval by the Board, to assess whether or not they present fairly in all material respects in accordance with IFRS the financial condition, results of operations and cash flows;
- review the auditor’s report; and
- review the related management discussion and analysis (“MD&A”)

In conducting their review, the Audit Committee must:

- discuss the annual audited financial statements and MD&A with management and the auditor;
- consider the quality of, and not just the acceptability of, the accounting principles, the reasonableness of management’s judgments and estimates that have a significant effect upon the financial statements, and the clarity of the disclosures in the financial statements;
- discuss any analyses prepared by management or the auditor that set out significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative IFRS;
- discuss the effect of off-balance sheet transactions, arrangements, obligations (including contingent liabilities) and other relationships with unconsolidated entities or other persons that may have a material current future effect on the Corporation’s financial condition, change in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues and expenses;

- consider any changes in accounting practices or policies and their impact on financial statements of the Corporation;
- discuss with management, the auditor and, if necessary, legal counsel, any litigation, claim or other contingency, including tax assessments, that could have material effect upon the financial position of the Corporation, and the manner in which these matters have been disclosed in the financial statements;
- discuss with management and the auditor any correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Corporation's financial statements or accounting policies;
- discuss with the auditor any special audit steps taken in light of material weaknesses in internal control;
- review the results of the audit, including any reservations or qualification in the auditor's opinion;
- discuss with the auditor any difficulties encountered in the course of the audit work, including any restrictions on the scope of their procedures and access to requested information, accounting adjustments proposed by the auditor but were "passed" (as immaterial or otherwise), and significant disagreements with management; and
- consider any other matter which in its judgment should be taken into account in reaching its recommendation to the Board concerning the approval of the financial statements.

Review of Interim Financial Statements and Other Financial Information

The Audit Committee must discuss the interim financial statements and related MD&A with management, and if satisfied that the financial statements present fairly in all material respects in accordance with *IFRS* the financial condition, results of operations and cash flows, approve the financial statements and review the related MD&A on behalf of the Board.

The Audit Committee must review and recommend for the Board's approval, before its public release all news releases containing financial information based on the Corporation's financial statements that have not been publicly released. When recommending that the Board approve the release of pro forma or adjusted non- *IFRS* information, the Audit Committee must ensure that the information does not contain an untrue statement of material fact or omit to state a material fact necessary in order to make the information, in light of the circumstances under which it was presented, not misleading. The Audit Committee must also reconcile the information with the financial condition and results of operations under *IFRS*.

In conducting these reviews, the Audit Committee must consider the matters set out above under the heading "Review of Annual Audited Financial Statements", as are applicable in the circumstances.

Review of Prospectuses and Other Regulatory Filings

The Audit Committee must review all other financial statements that require approval by the Board before they are released to the public, including, without limitation, financial statements for use in prospectuses or other offering or public disclosure documents and financial statements required by regulatory authorities.

The Audit Committee must review the information contained in prospectuses or other offering or public disclosure documents and statements required by regulatory authorities to ensure that each document or statement is consistent with the financial statements and that such document or statement does not contain any untrue statement of any material fact or omit to state a material fact that is required or necessary to make the document or statement not misleading, in light of the circumstances under which it is made.

In conducting these reviews, the Audit Committee must consider the matters set out above under the heading “Review of Annual Audited Financial Statements”, as are applicable in the circumstances.

- (j) **Relationship with Management.** The Audit Committee must:
- meet privately with management at least once per quarter to discuss any areas of concern to the Audit Committee or management;
 - review the performance of the CFO and other senior executives involved in the financial reporting process and approve the appointment of and departure of individuals occupying these positions;
 - recommend to the Board clear policies for hiring former partners or employees of the auditor who were engaged on the Corporation’s account; and
 - keep management informed of all significant matters dealt with by the Audit Committee.
- (k) **Complaints Procedure.** The Audit Committee will consider establishing a procedure for the receipt, retention and follow-up of complaints received by the Corporation regarding accounting, internal controls, or auditing matters. The Audit Committee will consider establishing a procedure for the confidential, anonymous submission of concerns by employees of the Corporation regarding accounting, internal controls, or auditing matters.
- (l) **Relationship With and Expectations of the Internal Audit Function.** The Audit Committee must assess whether or not an internal audit function should be established, and, if so, establish the mandate, budget, planned activities and organizational structure of the internal audit function to ensure that it is independent of management and is provided with sufficient resources to carry out its mandate. The Audit Committee must discuss this mandate with the auditor.
- (m) **Oversight of Internal Controls and Disclosure Controls.** The Audit Committee must:
- review with management the internal controls that have been adopted to safeguard assets from loss and unauthorized use and ensure the accuracy of the financial records;
 - review any internal control letter prepared by the auditor and management’s responses to that letter;
 - review significant reports prepared by the internal audit function together with management’s responses and any follow-up reports;
 - discuss material internal control weaknesses with management, and the auditor and discuss management’s plans to rectify the weaknesses; and
 - oversee investigations of alleged fraud and illegality relating to the Corporation’s finances.

- (n) **Legal Compliance.** The Audit Committee must review with legal counsel any legal matters that could have a significant effect on the Corporation's financial statements and the Corporation's compliance with applicable laws and regulations relating to financial reporting and disclosure. The Audit Committee must review inquiries received from regulators and governmental agencies to the extent that they may have a material impact on the financial position of the Corporation and advise the Board accordingly. The Audit Committee must review the procedures adopted by the Corporation that ensure that the Corporation has withheld all material statutory deductions and remitted them to the appropriate authorities.
- (o) **Risk Management.** The Audit Committee must meet periodically with management to discuss the Corporation's major financial risk exposures and the steps management has taken to monitor and control these risks. The Audit Committee is not expected or required to be the sole body responsible for risk assessment and management, but it must discuss the guidelines and policies to govern the process by which risk assessment and management is undertaken.
- (p) **Financial Planning and Investments.** The Audit Committee must review the annual business plan, including the annual budget, and recommend these to the Board for approval, as well as review periodic financial forecasts. The Audit Committee must review and approve the investment policy, review investment opportunities of a value exceeding management's authority in accordance with such policy, and review reports from management on the results of investment decisions. The Audit Committee must assess management's plans with respect to raising additional funds whether through debt or equity issuance, in accordance with procedures established by the Board from time to time.
- (q) **Conduct and Ethics.** The Audit Committee must ensure that two of the CEO, COO or the CFO review and approve all expenses incurred by the Directors and senior officers of the Corporation; in addition none of the CEO, COO or CFO can approve their own individual expenses.
- (r) **Related Party Transactions and Conflicts of Interest.** The Audit Committee must review and pre-approve all proposed related party transactions and potential conflict of interest situations that are not required to be dealt with by an "independent special committee" pursuant to securities law rules.

4. **REVIEW AND DISCLOSURE OF CHARTER**

This Charter must be reviewed by the Audit Committee at least annually and be submitted to the Board for approval with such amendments as the Audit Committee proposes. A summary of this Charter must be disclosed to shareholders at least every three years or, if significant amendments are made to the Charter, in the next management information circular.

5. **ASSESSMENT OF AUDIT COMMITTEE**

The Board must assess the effectiveness of the Audit Committee in meeting its objectives by reference to the duties set out in this Charter.

6. **MEETINGS**

The Chair may call a meeting of the Audit Committee at any time, and must call a meeting of the Audit Committee when requested to do so by a member of the Audit Committee, the external auditor, the chair of the Board, the CEO or the CFO. In any event, the Audit Committee must meet at least four times annually. Notices of Audit Committee meetings shall be sent to all members of the Audit Committee, to the CEO of the Corporation, and to all Directors. The Audit Committee may invite any person to attend meetings of the Audit Committee.

7. QUORUM

Quorum is defined as the Chair (or another member with accounting or financial expertise) plus 50% of the other members of the Audit Committee. In the absence of the Chair at a meeting of the Audit Committee, the members in attendance must select one of them to act as chair of that meeting.

8. SECRETARY AND MINUTES

The secretary of the Board, or such other person as the Chair may appoint, shall be appointed secretary of the Audit Committee. The Audit Committee must keep minutes of its proceedings and circulate a copy of the minutes to each member of the Board on a timely basis. The minutes will be duly entered into the books of the Corporation.

9. RETENTION OF EXPERTS

The Audit Committee may engage such special legal, accounting or other experts, without Board approval and at the expense of the Corporation, as it considers necessary to perform its duties.

10. ACCESS TO RECORDS

The Audit Committee, and any legal, accounting or other experts engaged by the Audit Committee, shall be given access to all records information relating to the Corporation that they believe are relevant to the performance of their duties.

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