



**NATURALLY SPLENDID ENTERPRISES LTD.**

108 – 19100 Airport Way  
Pitt Meadows, BC V3Y 0E2

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON APRIL 25, 2018**

**AND**

**INFORMATION CIRCULAR**

*This document requires immediate attention. If you are in doubt as to how to deal with the documents or matters referred to in this Information Circular, you should immediately contact your advisor.*

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the shareholders of Naturally Splendid Enterprises Ltd. (the “Company”) will be held at Suite 704, 595 Howe Street, Vancouver, British Columbia on Wednesday, April 25, 2018, at 10:00 am (PDT) for the following purposes:

1. To receive the audited financial statements of the Company for the financial years ended December 31, 2016, and December 31, 2017 together with the auditor’s report thereon;
2. To set the number of directors of the Company for the ensuing year at five (5) persons;
3. To elect directors for the ensuing year;
4. To appoint Smythe Ratcliffe LLP, Chartered Accountants, as the auditors of the Company until the next annual general meeting of the Company and to authorize the directors of the Company to fix the remuneration to be paid to the auditors;
5. To consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution approving, ratifying and confirming the Company’s 10% rolling stock option plan as more particularly described in the accompanying Information Circular;
6. To transact such other business as may be properly brought before the Meeting or any adjournment thereof.

All shareholders are entitled to attend and vote at the Meeting in person or by proxy. The Board of Directors (the “**Board**”) requests that all shareholders who will not be attending the Meeting in person read, date and sign the accompanying proxy and deliver it to Computershare Investor Services Inc. (“**Computershare**”). If a shareholder does not deliver a proxy to Computershare, Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, by 11:00 a.m. (Vancouver, British Columbia time) on **Monday, April 23, 2018** (or before 48 hours, excluding Saturdays, Sundays and holidays before any adjournment of the meeting at which the proxy is to be used) then the shareholder will not be entitled to vote at the Meeting by proxy. Only shareholders of record at the close of business on **Monday, March 19, 2018** will be entitled to vote at the Meeting.

An information circular and a form of proxy accompany this notice.

DATED at Vancouver, British Columbia, this 27th day of March, 2018.

**By Order of the Board of  
NATURALLY SPLENDID ENTERPRISES LTD.**

*“Douglas L. Mason”*

**Douglas L. Mason  
Chief Executive Officer and Director**



## **NATURALLY SPLENDID ENTERPRISES LTD.**

108 – 19100 Airport Way, Pitt Meadows, BC V3Y 0E2

Telephone: (604) 465-0548

### **INFORMATION CIRCULAR**

**(as at March 19, 2018, except as otherwise indicated)**

Naturally Splendid Enterprises Ltd. (the “Company”) is providing this Information Circular and a form of proxy in connection with management’s solicitation of proxies for use at the annual general meeting (the “Meeting”) of the Company to be held on Wednesday, April 25, 2018 and at any adjournments. Unless the context otherwise requires, when we refer in this Information Circular to the Company, its subsidiaries are also included. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation. All amounts referred to as \$ or dollars means Canadian currency, unless otherwise indicated.

### **APPOINTMENT OF PROXYHOLDER**

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

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

### **VOTING BY PROXY**

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

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

**The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting.** At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

### **COMPLETION AND RETURN OF PROXY**

Completed forms of proxy must be deposited at the office of the Company’s registrar and transfer agent, Computershare Trust Company of Canada, Proxy Dept., 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario

M4J 2Y1, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

### **NON-REGISTERED HOLDERS**

**Only shareholders whose names appear on the records of the Company as the registered holders of shares or duly appointed proxyholders are permitted to vote at the Meeting.** Most shareholders of the Company are "non-registered" shareholders because the shares they own are not registered in their names but instead registered in the name of a nominee such as a brokerage firm through which they purchased the shares; bank, trust company, trustee or administrator of self-administered RRSP's, RRIF's, RESP's and similar plans; or clearing agency such as The Canadian Depository for Securities Limited (a "Nominee") and in the United States, under the name Cede & Co., as nominee for the Depository Trust Company (which acts as a brokerage depository for many U.S. firms and custodial banks). If you purchased your shares through a broker, you are likely a non-registered holder.

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

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your shares are voted at the Meeting.

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

Non-registered holders who have not objected to their Nominee disclosing certain ownership information about themselves to the Company are referred to as "non-objecting beneficial owners" ("**NOBOs**"). Those non-registered holders who have objected to their Nominee disclosing ownership information about themselves to the Company are referred to as "objecting beneficial owners" ("**OBOs**").

In accordance with the requirements of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") of the Canadian Securities Administrators, the Company has elected to send the Meeting materials directly to NOBOs.

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

The Company does not intend to pay for Nominees to deliver the Meeting materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* to OBOs. As a result, OBOs will not receive the Meeting materials unless their Nominee assumes the costs of delivery.

The Company is not sending the Meeting materials to shareholders using "notice-and-access", as defined under NI 54-101.

#### **REVOCABILITY OF PROXY**

In addition to revocation in any other manner permitted by law, a shareholder, his attorney authorized in writing or, if the shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting.

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

The Company is authorized to issue an unlimited number of common shares without par value (the "shares"), of which 97,570,490 shares are issued and outstanding as at the close of business on March 19, 2018. Persons who are registered shareholders at the close of business on March 19, 2018 will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held. The Company has only one class of shares.

To the knowledge of the directors and executive officers of the Company, no person beneficially owns, controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all shares of the Company.

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

The Company is authorized to issue an unlimited number of common shares without par value. As of the record date, being the close of business on March 19, 2018, a total of 97,570,490 common shares were issued and outstanding. Each common share carries the right to one vote at the Meeting.

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

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

At the Meeting, shareholders will be asked to pass an ordinary resolution to set the number of directors of the Company for the ensuing year at five (5). The number of directors will be approved if the affirmative vote of the majority of common shares present or represented by proxy at the Meeting and entitled to vote are voted in favour to set the number of directors at five (5).

**Management recommends the approval of the resolution to set the number of directors of the Company at five (5).**

#### **ELECTION OF DIRECTORS**

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

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

<b>Name, Jurisdiction of Residence and Position</b>	<b>Previous Service as a Director</b>	<b>Principal occupation, business or employment and, if not a previously elected Director, occupation, business or employment during the past 5 years</b>	<b>Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly</b>
<b>DOUGLAS L. MASON</b> British Columbia, Canada <i>CEO and Director</i>	CEO - January 1, 2018; Director November 7, 2017	CEO and Director of the Company and CEO and Director of the Company's operating subsidiary. President and Director (Chairman) of Magnum Goldcorp Inc., International Bethlehem Mining Corp. and Rainy Mountain Royalty Corp.; Chief Executive Officer and Director (Chairman) of Canadian International Pharma Corp.; President, Director and sole shareholder of Criterion Capital Corp. (a private investment and financial consulting company); and formerly President, Chief Executive Officer and a Director of Clearly Canadian Beverage Company from 1986 to March 2006	50,000 <sup>(3)</sup> (Direct) 350,000 <sup>(3)</sup> (Indirect)
<b>J. CRAIG GOODWIN</b> British Columbia, Canada <i>President and Director</i>	President since December 5 2016; Director since February 28, 2013	President and Director of the company since February 2013. Director of the Company's operating subsidiary since January 2008 and President of the Company's operating subsidiary since December 2016.	4,590,206 (Direct)
<b>RUSSELL HENRY CRAWFORD<sup>(1)</sup></b> Alberta, Canada <i>Director</i>	Director since July 3, 2013	President of Agrinomics IT Consulting Ltd., information technology company providing services in the agriculture industry, since September 1999.	957,178 <sup>(2)</sup> (Direct) 362,500 <sup>(2)</sup> (Indirect)
<b>PETER R. HUGHES<sup>(1)</sup></b> British Columbia, Canada <i>Director</i>	Director since December 21, 2010	CEO and Director of Finore Mining Inc. (formerly Otterburn Ventures Inc.), a mineral exploration company from April 2010 to September 2012; Director of Pan American Fertilizer Ltd. (formerly Bastion Resources Ltd.), a mineral exploration company from December 2009 to February 2013; CEO of Molystar Resources Inc., a mineral exploration company, from November 2005 to November 2011; Director of Kelso Technologies Inc., an enviro-tech company since October 2010; Director and CEO of BHK Resources Inc. from December 2012 to February 2015; Director and CEO of Broome Capital Inc. since March 2012; CEO and Director of Gourmet Ocean Products Inc. since February 2014.	5,500 (Direct)
<b>BRYAN CARSON<sup>(1)</sup></b> British Columbia, Canada <i>Director</i>	Director since September 30, 2014	Vice President of Operations of the Company's operating subsidiary since March 2012.	4,545,990 (Direct)

Notes:

- (1) Member of the Audit Committee.
- (2) Consists of (i) 957,178 common shares held directly by Mr. Crawford and (ii) 362,500 common shares held by his spouse.
- (3) Consists of (i) 50,000 common shares held directly by Mr. Mason and (ii) 350,000 common shares held by his company.
- (4) The information as to common shares beneficially owned or controlled has been provided by the nominees themselves.

**Management recommends the approval of each of the nominees listed above for election as directors of the Company until the next annual general meeting.**

Management does not contemplate that any of its nominees will be unable to serve as directors. If any vacancies occur in the slate of nominees listed above before the Meeting, then the Designated Persons intend to exercise discretionary authority to vote the common shares represented by proxy for the election of any other persons as directors.

**Cease Trade Orders**

Other than as disclosed below, no director or executive officer of the Company, is or has been, within the ten years preceding the date of this Information Circular, a director, chief executive officer, chief financial officer of any company that:

- (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the director or executive officer 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.

For the purposes of this Information Circular, an “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to an exemption under securities legislation, and such order was in effect for a period of more than 30 consecutive days.

Molystar Resources Inc.

Peter R. Hughes served as CEO of Molystar Resources Inc. (“Molystar”) from November 2005 to November 2011, which is a reporting company in British Columbia and Alberta. After its prospectus was receipted in 2008, Molystar was unable to complete its offering in the fall of 2008 due to the state of the capital markets. As a result, Molystar did not have the funds to carry on its business. Molystar is subject to cease trade orders issued between May and August 2009 by the British Columbia, Ontario and Alberta Securities Commissions for failure to file audited financial statements for the year ended December 31, 2008.

**Bankruptcies**

No director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, is or has been, with the ten years preceding the date of this Information Circular:

- (a) a director or an executive officer of any company that, while the person was acting in that capacity, or within a year of that person ceasing to act in the capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets or made a proposal under any legislation relating to bankruptcies or insolvency; or
- (b) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been 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 individual.

**Penalties or Sanctions**

No director or officer of the Company, or any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has:

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

This discussion describes the Company's compensation program for each person who has acted as Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and the three most highly compensated executive officers (or three most highly compensated individuals acting in a similar capacity), other than the CEO and CFO, whose compensation was more than \$150,000 during the financial years ended December 31, 2016 and December 31, 2017 (each a "Named Executive Officer").

#### Significant Elements

Executive compensation awarded to the Named Executive Officers consists of two components: (i) management fees and (ii) stock options. The Company does not presently have a long-term incentive plan for its Named Executive Officers. There is no policy or target regarding allocation between cash and non-cash elements of the Company's compensation program. The Board of Directors is solely responsible for determining compensation to be paid to the Company's Named Executive Officers. In addition, the Board of Directors reviews annually the total compensation package of each of the Company's executives on an individual basis.

#### *Management Fees*

In setting compensation rates for Named Executive Officers, the Company compares the amounts paid to them with the amounts paid to executives in comparable positions at other comparable corporations. The Company's compensation payable to the Named Executive Officers is based upon, among other things, the responsibility, skills and experience required to carry out the functions of each position held by each Named Executive Officer and varies with the amount of time spent by each Named Executive Officer in carrying out his or her functions on behalf of the Company.

#### *Option-Based Awards*

##### *Stock Option Plan*

The Company currently has a "rolling" stock option plan (the "Stock Option Plan") whereby a maximum of 10% of the Company's issued and outstanding common shares are reserved at any time for issuance on the exercise of stock options. The Company's stock option plan (the "Option Plan") was previously approved by the shareholders at the Company's annual general meeting on February 28, 2017.

The Stock Option Plan provides for a floating maximum limit of 10% of the outstanding common shares as permitted by the policies of the Exchange. As of the date of this Information Circular, the Company was eligible to grant up to 9,757,049 options under its Stock Option Plan. There are presently 7,136,232 options outstanding and 2,620,817 options reserved and available under the Stock Option Plan.

### **Summary Compensation Table**

Set out below is a summary of compensation paid or accrued during the Company's three most recently completed financial years to the Company's NEOs.



Name and Principal Position	Year	Salary (\$)	Share-based Awards (\$)	Option-based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
J. Craig Goodwin <sup>(1)</sup> President, Former CEO	2017	144,000	-	20,561	-	-	-	-	164,561
	2016	114,000	-	-	-	-	-	-	114,000
	2015	115,042	-	148,413	-	-	-	-	263,455
Charles E. Jenkins <sup>(2)</sup> Former CFO and Former Secretary	2017	-	-	-	-	-	-	-	-
	2016	45,000	-	-	-	-	-	-	45,000
	2015	60,000	-	-	-	-	-	-	60,000
Bryan Carson <sup>(3)</sup> COO of Subsidiary	2017	144,000	-	20,561	-	-	-	-	164,561
	2016	122,693	-	-	-	-	-	-	122,693
	2015	115,042	-	193,410	-	-	-	-	308,452
David Eto <sup>(4)</sup> Former CEO	2017	192,000	45,000	27,414	-	-	-	-	264,414
	2016	16,000	-	-	-	-	-	-	16,000
	2015	-	-	-	-	-	-	-	-
Brian Richardson <sup>(5)</sup> Former CFO	2017	112,378	-	11,423	-	-	-	-	123,801
	2016	19,325	-	-	-	-	-	-	19,325
	2015	-	-	-	-	-	-	-	-
Jennifer Hanson <sup>(6)</sup> Secretary	2017	81,499	-	6,854	-	-	-	-	88,353
	2016	6,794	-	-	-	-	-	-	6,794
	2015	-	-	-	-	-	-	-	-
Douglas L. Mason <sup>(7)</sup> CEO	2017	-	-	9,713	-	-	-	-	9,713
	2016	-	-	-	-	-	-	-	-
	2015	-	-	77,364	-	-	-	-	77,364
Sead Hamzagic <sup>(8)</sup> CFO	2017	-	-	-	-	-	-	-	-
	2016	-	-	-	-	-	-	-	-
	2015	-	-	-	-	-	-	-	-

**Notes:**

- (1) Mr. Goodwin was appointed as Chief Executive Officer, President and a director on February 28, 2013. The Company entered into a verbal arrangement with Mr. Goodwin whereby Mr. Goodwin agreed to act as the Company's Chief Executive Officer in consideration of an annual salary of \$60,000 (the "Annual Salary"). Effective March 1, 2015, the Annual Salary was increased to \$114,000. Mr. Goodwin resigned as Chief Executive Officer of the Company effective December 5, 2016. On January 1, 2017, the Company entered into a consulting agreement with a company controlled by Mr. Goodwin. In consideration of the services provided by Mr. Goodwin, the Company agreed to pay the company \$144,000 per annum.
- (2) The Company entered into a consulting agreement on February 28, 2013 with a company controlled by Mr. Jenkins. In consideration of the services provided by Mr. Jenkins, the Company agreed to pay the company \$48,000 per annum. Effective January 1, 2015, the consulting fee was increased to \$60,000 per annum. Mr. Jenkins resigned as CFO and Secretary on October 31, 2016.
- (3) Mr. Carson was appointed as Chief Operating Officer of Naturally Splendid Enterprises 2013 Ltd. on January 1, 2013. The Company entered into a verbal arrangement with Mr. Carson on June 1, 2013 whereby Mr. Carson agreed to provide his services in consideration of an annual salary of \$60,000 (the "Annual Salary"). Effective March 1, 2015, the Annual Salary was increased to \$114,000. On January 1, 2017, the Company entered into a consulting agreement with a company controlled by Mr. Carson. In consideration of the services provided by Mr. Carson, the Company agreed to pay the company \$144,000 per annum.
- (4) On December 5, 2016, Mr. Eto was appointed as Chief Executive Officer and a director of the Company. In connection with Mr. Eto's appointment as Chief Executive Officer, the Company entered into a consulting agreement with Mr. Eto and agreed to pay a fee of \$192,000 per annum. As additional consideration, the Company has agreed to issue 1,000,000 common shares as restricted share units to be issued as follows: (i) 100,000 shares on TSX Venture Exchange acceptance, and (ii) 150,000 common shares every six months thereafter. Mr. Eto resigned as CEO and Director on January 1, 2018.
- (5) On October 31, 2016, Mr. Richardson was appointed as Chief Financial Officer of the Company. Mr. Richardson resigned as CFO on March 1, 2018.

- (6) On February 28, 2017, Ms. Hanson was appointed Corporate Secretary of the company. Ms. Hanson also provides other services for the Company and is paid an hourly consulting fee of \$35 per hour.
- (7) On January 1, 2018, Mr. Mason was appointed as Chief Executive Officer of the Company. Prior to becoming a Director on November 7, 2017, Mr. Mason served on the advisory board and was awarded options for his services.
- (8) On March 1, 2018, Mr. Hamzagic was appointed as Chief Financial Officer of the Company.

### Incentive Plan Awards

The following table sets forth all outstanding share based and option based awards to the Named Executive Officers as at the fiscal year ended December 31, 2017.

Name	Option Based Awards				Share Based Awards		
	Number of Securities underlying unexercised options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Craig Goodwin, Former CEO & President	50,000	\$0.285	March 24, 2019	2,750	-	-	-
	200,000	\$0.40	March 23, 2020	-	-	-	-
	220,000	\$0.30	November 3, 2020	-	-	-	-
	450,000	\$0.35	January 26, 2022	-	-	-	-
Bryan Carson VP of Operations of Subsidiary	50,000	\$0.285	March 24, 2019	2,750	-	-	-
	500,000	\$0.40	March 23, 2020	-	-	-	-
	450,000	\$0.35	January 26, 2022	-	-	-	-
David Eto Former CEO <sup>(2)</sup>	200,000	\$0.40	March 23, 2020	-	-	-	-
	600,000	\$0.35	January 26, 2022	-	-	-	-
Brian Richardson <sup>(3)</sup> Former CFO	250,000	\$0.35	January 26, 2022	-	-	-	-
Jennifer Hanson <sup>(4)</sup> Secretary	150,000	\$0.35	January 26, 2022	-	-	-	-
Douglas L. Mason <sup>(5)</sup> CEO	200,000	\$0.40	March 23, 2020	-	-	-	-
	60,000	\$0.35	January 26, 2022	-	-	-	-
	150,000	\$0.25	November 26, 2022	13,500	-	-	-
Sead Hamzagic <sup>(6)</sup> CFO	-	-	-	-	-	-	-

#### Notes:

- (1) "In-the-Money Options" means the excess of the market value of the Company's shares on December 31, 2017 over the exercise price of the options. The market price for the Company's common shares on December 29, 2017 was \$0.34.
- (2) On December 5, 2016, Mr. Eto was appointed Chief Executive Officer. On January 1, 2018, Mr. Eto resigned as Chief Executive Officer.
- (3) On October 1, 2016, Mr. Richardson was appointed Chief Financial Officer. On March 1, 2018, Mr. Richardson resigned as Chief Financial Officer.
- (4) On February 28, 2017, Ms. Hanson was appointed Secretary.
- (5) On January 1, 2018, Mr. Mason was appointed Chief Executive Officer.
- (6) On March 1, 2018, Mr. Hamzagic was appointed Chief Financial Officer.

## Termination and Change of Control Benefits

The Company entered into a Consulting Agreement with each of the companies controlled by Mr. Goodwin and Mr. Carson. Each of the agreements have a termination and change of control clause.

The termination clause states that:

7.1 "The Company may terminate the Agreement at any time on ninety days' notice or without notice upon the occurrence of any of the following events of default:

- a) the Consultant's commission of an act of fraud, theft or embezzlement or other similar willful misconduct;
- b) the neglect or breach by the Consultant of his material obligations or agreements under this Agreement;
- c) the Consultant's refusal to follow lawful directives of the Board of Directors of the Company; or
- d) the Consultant being unwilling or unable to perform the services to be performed under the terms of the Agreement.

provided notice of the Events of Default has been delivered to the Consultant and provided the Consultant has failed to remedy the default within ten days of the date of delivery of notice of the Event of Default.

7.2 In the event of a termination pursuant to section 7.1 or there is any form of re-organization, change of control, amalgamation or takeover bid of the Company and the Company elects to terminate the agreement, the Company will pay a termination payment to the Consultant an amount equal to twenty-four (24) months of the base salary at that time; plus the bonus, if any, paid or payable to the Consultant for the fiscal year ended immediately prior to the effective date of termination. In accordance with the terms of the Company's Stock Option Plan, if the Consultant's employment is terminated without cause, all vested options are exercisable for a period of ninety days prior to cancellation and unvested options are immediately cancelled. If the Company elects to terminate the Agreement due to a change of control all unvested options would be immediately vested and all vested options would be exercisable for a period of ninety days prior to cancellation. The Company will pay any amounts due and owing to the Consultant at the end of the quarter following the Consultant's termination.

7.3 The Consultant may terminate this Agreement at any time upon ninety days' written notice.

7.4 On termination of the Agreement for any reason all rights and obligations of each party that are expressly stated to survive termination or continue after termination will survive termination and continue in full force and effect as contemplated in this Agreement."

## DIRECTOR COMPENSATION

### Director Compensation Table

The following table sets forth the compensation paid to the Company's directors for the fiscal year ended December 31, 2017:

Name	Fees Earned (\$)	Share-based Awards (\$)	Option-based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Peter R. Hughes	-	-	13,707	-	-	-	13,707
Russell Henry Crawford	42,000	-	6,854	-	-	-	48,854
Charles R. Brink <sup>(1)</sup>	-	-	-	-	-	-	-
David Racz <sup>(2)</sup>	-	-	-	-	-	-	-

Notes:-

(1) Mr. Brink resigned as a director on February 25, 2016.

(2) Mr. Racz resigned as a director on August 24, 2016.

### Incentive Plan Awards For Directors

The following table sets forth all outstanding share based and option based awards to the directors of the Company as at the fiscal year ended December 31, 2017.

Name	Option Based Awards				Share Based Awards		
	Number of Securities underlying unexercised options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Peter R. Hughes	100,000	\$0.40	03/23/2020	-	-	-	-
	300,000	\$0.35	01/26/2022	-	-	-	-
Russell Henry Crawford	300,000	\$0.175	03/04/2018	49,500	-	-	-
	50,000	\$0.285	03/24/2019	2,750	-	-	-
	150,000	\$0.35	01/26/2022	-	-	-	-

**Notes:**

- (1) "In-the-Money Options" means the excess of the market value of the Company's shares on December 31, 2017 over the exercise price of the options. The market price for the Company's common shares on December 29, 2017 was \$0.34.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth details of all the Company's equity compensation plans as of December 31, 2017. As at December 31, 2017, the Company's equity compensation plan consisted of the Company's Stock Option Plan, which was approved by the Company's shareholders on February 28, 2017.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	5,155,000	\$0.31	4,602,049
Equity compensation plans not approved by security holders	-	-	-
<b>Total</b>	<b>5,155,000</b>	<b>\$0.31</b>	<b>4,602,049</b>

### APPOINTMENT OF AUDITOR

Shareholders will be asked to vote for the appointment of Smythe Ratcliffe LLP, Chartered Accountants, to serve as auditors of the Company to hold office until the next annual general meeting of the shareholders or until such firm is removed from office or resigns as provided by law and to authorize the Board of Directors of the Company to fix the remuneration to be paid to the auditors. Smythe Ratcliffe LLP was appointed as the Company's auditor on March 14, 2013.

**Management recommends shareholders to vote for the ratification of the appointment of Smythe Ratcliffe LLP, Chartered Accountants, as the Company's auditors until the next annual general meeting at a remuneration to be fixed by the Company's board of directors.**

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

### **1. RATIFICATION AND APPROVAL OF STOCK OPTION PLAN**

The Company received shareholder approval, on February 28, 2017, of its "rolling" stock option plan (the "Stock Option Plan") whereby 10% of the number of issued and outstanding shares of the Company at any given time may be reserved for issuance pursuant to the exercise of options. The TSX Venture Exchange requires that listed companies that have "rolling" stock option plans in place receive shareholder approval of such plans on a yearly basis at the Company's annual general meeting. The shareholders of the Company will be asked at the Meeting to ratify and approve the Stock Option Plan.

The Stock Option Plan was established to provide incentive to directors, officers, employees, management company employees and consultants who provide services to the Company. The intention of management in proposing the Stock Option Plan is to increase the proprietary interest of such persons in the Company and thereby aid the Company in attracting, retaining and encouraging the continued involvement of such persons with the Company.

The Stock Option Plan provides for a floating maximum limit of 10% of the outstanding common shares (together with the RSU Plan), as permitted by the policies of the Exchange. As of the date of this Information Circular, the Company was eligible to grant up to 9,757,049 options under its Stock Option Plan. There are presently 7,136,232 options outstanding and 2,620,817 options reserved and available under the Stock Option Plan.

#### *Terms of the Stock Option Plan*

Options may be granted under the Stock Option Plan to such service providers of the Company and its affiliates, if any, as the Board of Directors may from time to time designate. The exercise price of option grants will be determined by the Board of Directors, but cannot be lower than the price permitted by the TSX Venture Exchange. The Stock Option Plan provides that the number of common shares that may be reserved for issuance to any one individual upon exercise of all stock options held by such individual may not exceed 5% of the issued common shares, if the individual is a director or officer, or 2% of the issued common shares, if the individual is a consultant or engaged in providing investor relations services, on a yearly basis. Subject to earlier termination, all options granted under the Stock Option Plan will expire not later than the date that is five years from the date that such options are granted. In the event that an optionee ceases to be a director, officer, employee or consultant, the option will terminate within ninety days. In the event of the death of an optionee, the options will only be exercisable within 12 months of such death. Options granted under the Stock Option Plan are not transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession.

#### *Disinterested Shareholder Approval*

Under the policies of the TSX Venture Exchange, if the grant of options under the proposed Stock Option Plan to insiders of the Company, together with all of the Company' outstanding stock options, could result at any time in:

- (a) the number of shares reserved for issuance pursuant to stock options granted to insiders of the Company exceeding 10% of the issued common shares of the Company;
- (b) the grant to insiders of the Company, within a 12 month period, of a number of options exceeding 10% of the issued common shares of the Company; or

- (c) the issuance to any one optionee, within a 12 month period, of a number of shares exceeding 5% of the issued common shares of the Company,

the Company must obtain disinterested shareholder approval. The policies of the TSX Venture Exchange and the terms of the proposed Stock Option Plan also provide that disinterested shareholder approval will be required for any agreement to decrease the exercise price of options previously granted to insiders of the Company. The term disinterested shareholder approval means approval by a majority of the votes cast at the Meeting other than votes attaching to shares of the Company beneficially owned by insiders of the Company to whom options may be granted under the proposed Stock Option Plan.

*Proposed Resolution Ratifying and Approving the Stock Option Plan*

The text of the ordinary resolution which management intends to place before the Meeting for the ratification and approval of the Stock Option Plan is set forth below:

“RESOLVED as an ordinary resolution of the Company that:

1. the Company’s 10% rolling Stock Option Plan, including the reservation for issuance under the 10% rolling Stock Option Plan at any time of a maximum of 10% of the issued shares of the Company, be and is hereby approved, confirmed and ratified, subject to the acceptance of the Stock Option Plan by the TSX Venture Exchange; and
2. any one director or officer is hereby authorized and directed to do all such acts and things and to execute all such documents, deeds or instruments to give effect to the foregoing resolution.”

A copy of the Stock Option Plan will be available for inspection at the Meeting.

**Management recommends the approval of the Amended Stock Option Plan.**

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

No current or former director, executive officer or employee, proposed nominee for election to the board of directors, or associate of such persons is, or has been, indebted to the Company since the beginning of the most recently completed financial year of the Company and no indebtedness remains outstanding as at the date of this Information Circular.

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

No: (a) director, proposed director or executive officer of the Company; (b) person or company who beneficially owns, directly or indirectly, common shares or who exercises control or direction of common shares, or a combination of both carrying more than ten percent of the voting rights attached to the common shares outstanding (an “Insider”); (c) director or executive officer of an Insider; or (d) associate or affiliate of any of the directors, executive officers or Insiders, has had any material interest, direct or indirect, in any transaction since the commencement of the Company’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company, except with an interest arising from the ownership of common shares where such person or company will receive no extra or special benefit or advantage not shared on a pro rata basis by all holders of the same class of common shares.

#### **MANAGEMENT CONTRACTS**

There were no management functions of the Company, which were, to any substantial degree, performed by a person other than the directors or executive officers of the Company.

## AUDIT COMMITTEE DISCLOSURE

Pursuant to National Instrument 52-110 – *Audit Committees*, the Company is required to disclose certain information concerning the constitution of its Audit Committee and its relationship with its independent auditors.

### The Audit Committee Charter

The Company's audit committee charter is set out in Schedule "A" of this Information Circular.

### Composition of the Audit Committee

Following the Meeting, the following persons will be confirmed as members of the Company's audit committee:

Peter Hughes	Independent	Financially Literate
Russ Crawford	Independent	Financially Literate
Bryan Carson	Not Independent	Financially Literate

### Relevant Education and Experience

All proposed members of the Audit Committee have the ability to read, analyze and understand the complexities surrounding the issuance of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements, and have an understanding of internal controls.

In addition to each member's general business experience, the education and experience of each proposed Audit Committee member that is relevant to the performance of his/her responsibilities as an Audit Committee member is as follows:

**Peter Hughes.** Mr. Hughes is a director of the Company. Mr. Hughes currently serves as a director and officer of a number public companies including CEO and director of Gourmet Ocean Products Inc., a director of Kelso Technologies Inc. and Broome Capital Inc. Based on his business experience, Mr. Hughes is financially literate with respect to industrial issuers.

**Russ Crawford.** Mr. Crawford is a director of the Company. Mr. Crawford currently serves as President of Agrinomics I.T. Consulting Ltd., a company which provides information technology services to the agricultural industry. Based on his business experience, Mr. Crawford is financially literate with respect to the Company.

**Bryan Carson.** Mr. Carson is a director of the Company and has been a founder of the Company since its inception. Based on his business experience, Mr. Carson is financially literate with respect to the Company.

### Audit Committee Oversight

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

### Reliance on Certain Exemptions

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

## Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as set out in the Audit Committee Charter of the Company.

## External Auditor Service Fees

In the following table, “audit fees” are fees billed by the Company’s external auditor for services provided in auditing the Company’s annual financial statements for the subject year. “Audit-related fees” are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit review of the Company’s financial statements. “Tax fees” are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. “All other fees” are fees billed by the auditor for products and services not included in the foregoing categories.

The aggregate fees billed by the Company’s external auditor in the last two fiscal years, by category, are as follows:

	Year Ended December 31, 2017	Year Ended December 31, 2016
Audit Fees	\$59,422	\$80,580
Audit-Related Fees	-	-
Tax Fees	-	-
All Other Fees	-	-
Total	\$59,422	\$80,580

## Exemption

The Company is relying on the exemption contained in part 6 of NI 52-110.

## CORPORATE GOVERNANCE

Pursuant to National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, the Company is required to disclose its corporate governance practices as follows:

### Board of Directors

The Board of Directors will be comprised of five (5) members. Securities legislation recommends that the Board of Directors of a public company be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who has no direct or indirect material relationship with the Company. A material relationship is a relationship which could, in the view of the Board of Directors, reasonably interfere with the exercise of a director’s independent judgment. Peter R. Hughes is an independent director of the Company as he has no ongoing interest or relationship with the Company other than serving as a director.

### Directorships

The following directors of the Company are directors and/or officers of other reporting issuers:

Name of Director of the Company	Names of Other Reporting Issuers
J. Craig Goodwin	None.
Peter R. Hughes	Broome Capital Inc. Kelso Technologies Inc. Gourmet Ocean Products Inc.
Russell Henry Crawford	None.



Bryan Carson	None.
Douglas L. Mason	Waterfront Capital Corporation Canadian International Pharma Corp. International Bethlehem Mining Corp. Magnum Goldcorp Inc. Rainy Mountain Royalty Corp.

### **Orientation and Continuing Education**

The Board of Directors provides an overview of the Company's business activities, systems and business plan to all new directors. New director candidates have free access to any of the Company's records, employees or senior management in order to conduct their own due diligence and will be briefed on the strategic plans, short, medium and long term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing policies of the Company. The directors are encouraged to update their skills and knowledge by taking courses and attending professional seminars.

### **Ethical Business Conduct**

The Board of Directors has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board of Directors in which the director has an interest have been sufficient to ensure that the Board of Directors operates independently of management and in the best interests of the Company.

Certain directors of the Company may also be directors and officers of other companies, and conflicts of interest may arise between their duties. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as applicable under the *Business Corporations Act* (British Columbia).

### **Nomination of Directors**

The Board of Directors is responsible for identifying individuals qualified to become new directors and recommending new director nominees for the next annual meeting of shareholders.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the required time, show support for the Company's mission and strategic objectives, and a willingness to serve.

### **Compensation**

The Board of Directors conducts reviews with regard to the compensation of the directors and the Chief Executive Officer once a year. To make its recommendations on such compensation, the Board of Directors takes into account the types of compensation and the amounts paid to directors and officers of comparable publicly traded Canadian companies.

### **Other Board Committees**

The Board of Directors has established a corporate governance committee and a compensation committee.

### **Assessments**

The Board of Directors regularly monitors the adequacy of information given to directors, communications between the board and management and the strategic direction and processes of the Board and its committees.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Shareholders may contact the Company at its office by mail at 108 – 19100 Airport Way, Pitt Meadows, BC V3Y 0E2, to request copies of the Company's financial statements and related Management's Discussion and Analysis (the "MD&A"). Financial information is provided in the Company's audited financial statements and MD&A for the years ended December 31, 2016 and 2015.

## **OTHER MATTERS**

Other than the above, management of the Company knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters that are not known to management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

## **APPROVAL OF THE BOARD OF DIRECTORS**

The contents of this Information Circular have been approved and the delivery of it to each shareholder of the Company entitled thereto and to the appropriate regulatory agencies has been authorized by the Board of Directors of the Company.

Dated at Vancouver, British Columbia as of March 27, 2018.

### **ON BEHALF OF THE BOARD**

#### **NATURALLY SPLENDID ENTERPRISES LTD.**

*"Douglas L. Mason"*

**Douglas L. Mason**  
**Chief Executive Officer and Director**



## **NATURALLY SPLENDID ENTERPRISES LTD.**

108 – 19100 Airport Way, Pitt Meadows, BC V3Y 0E2

Telephone: (604) 465-0548

### **Schedule “A”**

#### **NATURALLY SPLENDID ENTERPRISES LTD.**

#### **AUDIT COMMITTEE CHARTER**

**(Adopted March 16, 2011)**

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#### **I. MANDATE**

The Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Naturally Splendid Enterprises Ltd. (the “Company”) shall assist the Board in fulfilling its financial oversight responsibilities. The Committee’s primary duties and responsibilities under this mandate are to serve as an independent and objective party to monitor:

1. The quality and integrity of the Company’s financial statements and other financial information;
2. The compliance of such statements and information with legal and regulatory requirements;
3. The qualifications and independence of the Company’s independent external auditor (the “Auditor”); and
4. The performance of the Company’s internal accounting procedures and Auditor.

#### **II. STRUCTURE AND OPERATIONS**

##### **A. Composition**

The Committee shall be comprised of three or more members.

##### **B. Qualifications**

Each member of the Committee must be a member of the Board.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement.

##### **C. Appointment and Removal**

In accordance with the Articles of the Company, the members of the Committee shall be appointed by the Board and shall serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a majority vote of the Board.

##### **D. Chair**

Unless the Board shall select a Chair, the members of the Committee shall designate a Chair by the majority vote of all of the members of the Committee. The Chair shall call, set the agendas for and chair all meetings of the Committee.

##### **E. Meetings**

The Committee shall meet as frequently as circumstances dictate. The Auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Company’s annual financial statements and,



if the Committee feels it is necessary or appropriate, at every other meeting. On request by the Auditor, the Chair shall call a meeting of the Committee to consider any matter that the Auditor believes should be brought to the attention of the Committee, the Board or the shareholders of the Company.

At each meeting, a quorum shall consist of a majority of members that are not officers or employees of the Company or of an affiliate of the Company.

As part of its goal to foster open communication, the Committee may periodically meet separately with each of management and the Auditor to discuss any matters that the Committee or any of these groups believes would be appropriate to discuss privately. In addition, the Committee should meet with the Auditor and management annually to review the Company's financial statements in a manner consistent with Section III of this Charter.

The Committee may invite to its meetings any director, any manager of the Company, and any other person whom it deems appropriate to consult in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate to exclude in order to carry out its responsibilities.

### **III. DUTIES**

#### **A. Introduction**

The following functions shall be the common recurring duties of the Committee in carrying out its purposes outlined in Section I of this Charter. These duties should serve as a guide with the understanding that the Committee may fulfill additional duties and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern which the Committee in its sole discretion deems appropriate for study or investigation by the Committee.

The Committee shall be given full access to the Company's internal accounting staff, managers, other staff and Auditor as necessary to carry out these duties. While acting within the scope of its stated purpose, the Committee shall have all the authority of, but shall remain subject to, the Board.

#### **B. Powers and Responsibilities**

The Committee will have the following responsibilities and, in order to perform and discharge these responsibilities, will be vested with the powers and authorities set forth below, namely, the Committee shall:

##### *Independence of Auditor*

- 1) Review and discuss with the Auditor any disclosed relationships or services that may impact the objectivity and independence of the Auditor and, if necessary, obtain a formal written statement from the Auditor setting forth all relationships between the Auditor and the Company.
- 2) Take, or recommend that the Board take, appropriate action to oversee the independence of the Auditor.
- 3) Require the Auditor to report directly to the Committee.
- 4) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external auditor of the Company.



#### *Performance & Completion by Auditor of its Work*

1. Be directly responsible for the oversight of the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, including resolution of disagreements between management and the Auditor regarding financial reporting.
2. Review annually the performance of the Auditor and recommend the appointment by the Board of a new, or re-election by the Company's shareholders of the existing, Auditor for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company.
3. Recommend to the Board the compensation of the Auditor.
4. Pre-approve all non-audit services, including the fees and terms thereof, to be performed for the Company by the Auditor.

#### *Internal Financial Controls & Operations of the Company*

1. Establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

#### *Preparation of Financial Statements*

1. Discuss with management and the Auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
2. Discuss with management and the Auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.
3. Discuss with management and the Auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
4. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
5. Discuss with the Auditor the matters required to be discussed relating to the conduct of any audit, in particular:
  - 5) The adoption of, or changes to, the Company's significant auditing and accounting principles and practices as suggested by the Auditor, internal auditor or management.
  - 6) The management inquiry letter provided by the Auditor and the Company's response to that letter.



- 7) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

*Public Disclosure by the Company*

1. Review the Company's annual and interim financial statements, management discussion and analysis (MD&A) and earnings press releases before the Board approves and the Company publicly discloses this information.
2. Review the Company's financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assessing the adequacy of those procedures.
3. Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process of the Company's financial statements about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

*Manner of Carrying Out its Mandate*

1. Consult, to the extent it deems necessary or appropriate, with the Auditor, but without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
2. Request any officer or employee of the Company or the Company's outside counsel or Auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.
3. Meet, to the extent it deems necessary or appropriate, with management, any internal auditor and the Auditor in separate executive sessions.
4. Have the authority, to the extent it deems necessary or appropriate, to retain special independent legal, accounting or other consultants to advise the Committee advisors.
5. Make regular reports to the Board.
6. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
7. Annually review the Committee's own performance.
8. Provide an open avenue of communication among the Auditor, the Company's financial and senior management and the Board.
9. Not delegate these responsibilities.

**C. Limitation of Audit Committee's Role**

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the Auditor.