

# EARL RESOURCES LIMITED

## MANAGEMENT INFORMATION CIRCULAR as at April 14, 2016 (except as otherwise indicated)

### GENERAL PROXY INFORMATION

#### Solicitation of Proxies

This management information circular ("Circular") is furnished in connection with the solicitation of proxies by the management of EARL RESOURCES LIMITED (the "Company") for use at the Annual General Meeting of shareholders to be held on Wednesday, May 11, 2016, (the "Meeting"), at the time and place and for the purposes set forth in the Notice of Meeting which accompanies this Circular. The cost of the solicitation of proxies by the Company in connection with the Meeting has been and will be borne by the Company. The Company may retain other persons, entities or companies to solicit proxies on its behalf.

#### 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 designated as proxyholders by the management 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.

Common shares (the "Common 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 Common 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 Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

#### Completion and Return of Proxy

For Registered Shareholders, completed, signed and dated forms of proxy must be delivered to Computershare Investor Services Inc. by fax (if within North America, the fax # is 1-866-249-7775, otherwise 1-416-263-9524) or delivered by mail or otherwise to 100 University Avenue, 9th Floor, Toronto, ON M5J 2Y1, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the Chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

## **Voting By Non-Registered Shareholders**

The information set forth in this section is of significant importance to you if you do not hold Common Shares in your own name (referred to in this Circular as "Beneficial Shareholders") which would be the case if you have deposited or purchased your shares through an investment dealer, broker or other intermediary. Only proxies deposited by Registered Shareholders can be recognized and acted upon at the Meeting, thus Beneficial Shareholders must ensure their proxy instructions are delivered to the Registered Shareholder acting on their behalf.

If Common Shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those Common Shares will not be registered in the Shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents and nominees are prohibited from voting Common Shares for the broker's clients. Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person well in advance of the Meeting.

Without specific instructions, a broker and its agents and nominees are prohibited from voting Common Shares for the broker's clients. Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person well in advance of the Meeting. Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is identical to the form of proxy provided to Registered Shareholders. However, its purpose is limited to instructing the Registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder.

The majority of brokers now delegate responsibility for obtaining instructions from clients to an intermediary (the "Intermediary"). The Intermediary typically prepares a machine-readable voting instruction form which is mailed to Beneficial Shareholders. You are asked to return the voting instruction forms to the Intermediary, or otherwise communicate voting instructions to the Intermediary (by way of telephone, for example). The Intermediary then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Shareholder who receives a voting instruction form from the Intermediary cannot use that form to vote Common Shares directly at the Meeting - the proxy must be returned to the Intermediary (or instructions respecting the voting of Common Shares otherwise communicated to the Intermediary) well in advance of the Meeting in order to have the shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or an agent of the broker), a Beneficial Shareholder may attend the Meeting as a proxyholder (for the registered Shareholder) and vote the Beneficial Shareholder's Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and vote their Common Shares as proxyholder, should enter their own name in the blank space on the form of Proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent).

In addition, Canadian securities legislation now permits the Company to forward meeting materials directly to "non objecting beneficial owners". If the Company or its agent has sent these materials directly to the shareholder (instead of through a broker or an agent of the broker), the name and address of the shareholder and information about the securities holdings of the shareholder have been obtained in accordance with applicable securities regulatory requirements from the broker or an agent of the broker

holding on a shareholder's behalf. By choosing to send these materials to the shareholder directly, the Company (and not the broker or the agent of the broker holding on the behalf of the shareholder) has assumed responsibility for (i) delivering these materials to the shareholder and (ii) executing the shareholder's proper voting instructions.

### **Revocation of Proxies**

A shareholder has the right to revoke a proxy (and provide a replacement proxy) at any time before it is exercised. A proxy may be revoked by a written revocation signed by the shareholder or the shareholder's authorized attorney or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation. This revocation must be delivered either to Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, ON M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting, or to the Chairman at the Meeting or any adjournment thereof. A proxy may also be revoked in any other manner provided by law. **Only Registered Shareholders have the right to revoke a proxy. Beneficial Holders who wish to change their vote must, well before the Meeting, instruct the Registered Shareholder holding shares on their behalf to revoke their proxy and may provide a new proxy as a replacement.**

### **Record Date**

The directors of the Company have fixed April 6, 2016 as the record date (the "Record Date") for the purpose of determining shareholders entitled to receive Notice of the Meeting. Only shareholders recorded on the shareholders' register of the Company on the Record Date are entitled to attend the Meeting and vote the Common Shares held by them, either in person or by proxy, at the Meeting or any adjournment thereof.

### **Voting Securities and Principal Holders Thereof**

The voting securities of the Company consist of Common Shares without par value. The Company is authorized to issue 100,000,000 of such shares. As at the date of this Circular, 6,925,823 Common Shares without par value of the Company are issued and outstanding, each share carrying the right to one vote. At a general meeting, on a show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have one vote for each share of which such shareholder is the registered holder, and, on a poll, every shareholder present in person or represented by proxy and entitled to vote shall have one vote for each Common Share of which such shareholder is the registered holder.

To the knowledge of the directors and senior officers of the Company, as at the date of this Circular the following is the only shareholder who beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying more than 10% of the voting rights attached to the voting securities of the Company:

<b>Name</b>	<b>No. of Voting Securities</b>	<b>Percentage</b>
Vincent Theng Gek Cheng	3,787,048	54.68%

### **VOTES NECESSARY TO PASS RESOLUTIONS**

Under the Company's Articles of Association (the "articles"), the quorum for the transaction of business at a meeting of shareholders shall be two or more shareholders present in person or by proxy and entitled to vote at the meeting. A simple majority of the votes of those shareholders who are present and vote either in person or by proxy at the meeting is required in order to pass an ordinary resolution. A majority of not less than two-thirds of the votes of those shareholders who are present and vote either in person or by proxy at the meeting is required to pass a special resolution. The appointment of the auditor and the election of directors shall be determined by ordinary resolution. All other matters identified in the Notice of Meeting will also be determined by ordinary resolution. No special resolution is proposed.

## FINANCIAL STATEMENTS

The audited financial statements of the Company for the financial year ended December 31, 2015 (the “**Financial Statements**”), together with the auditors’ report thereon, will be presented to the shareholders at the Meeting. Shareholders should note that in accordance with the rules of National Instrument 51-102 “Continuous Disclosure Obligations”, shareholders will no longer automatically receive copies of financial statements unless a card (*in the form enclosed herewith*) has been completed and returned as instructed. Copies of all previously issued annual and quarterly financial statements and related Management Discussions and Analysis are available to the public on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### STATEMENT OF EXECUTIVE COMPENSATION

#### Executive Officers

As at December 31, 2015, the Company’s most recently completed financial year, the sole executive officer of the Company was Vincent Theng Gek Cheng, President, Chief Executive Officer and Chief Financial Officer.

#### Compensation of Executive Officers

In connection with management compensation, the Company relies solely on board discussion without any formal objectives, criteria and analysis. The following table, presented in accordance with National Instrument Form 51-102F6, sets forth all annual and long term compensation for services in all capacities to the Company for the three most recently completed financial years of the Company in respect of each of the individuals comprised of the Chief Executive Officer (“**CEO**”) and the Chief Financial Officer (“**CFO**”) who acted in such capacity for all or any portion of the most recently completed financial year, and each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity whose total compensation was individually more than \$150,000 for the most recently completed financial year and any individual who would have satisfied these criteria but for the fact that individual was neither an executive officer of the Company, nor acting in a similar capacity during the most recently completed financial year (collectively the “**Named Executive Officers**” or “**NEOs**”). No person in his capacity as executive officer received a salary or bonus.

#### Summary Compensation Table

Name and principal position of NEO (a)	Year (b)	Salary (\$) (c)	Share-based awards (\$) (d)	Option-based awards (\$) (e)	Non-equity incentive plan compensation (\$) (f)		Pension value (\$) (g)	All other compensation (\$) (h)	Total compensation (\$) (i)
					Annual incentive plans (f1)	Long-term incentive plans (f2)			
Vincent Theng Gek Cheng, CEO and CFO	2015	nil	nil	nil		nil	N/A	\$30,000 <sup>(1)</sup>	\$30,000
	2014	nil	nil	nil		nil	N/A	\$30,000	\$30,000
	2013	nil	nil	nil		nil	N/A	\$30,000	\$30,000

Notes: <sup>(1)</sup>\$30,000 has been accrued to Mr. Cheng during the year for management services provided to the Company.

#### Incentive Plan Awards - Options Granted, Exercised and Outstanding

There were no stock options granted and/or exercised during the most recently completed financial year.

The following table sets forth stock options outstanding under the Company's stock option plan (the “Plan”) or otherwise during the most recently completed financial year to the Named Executive Officer. There were no option based awards, share based awards or non-equity incentive plan awards that vested during the most recently completed financial year with respect to the Named Executive Officer.

Name of NEO (a)	Option-based Awards <sup>1</sup>					Share-based Awards
	Number of securities underlying unexercised options (#) (b)	Option exercise price (\$) (c)	Option expiration date (d)	Value of unexercised in-the-money options (\$) (e)	Number of shares or units of shares that have not vested (#) (f)	Market or payout value of share-based awards that have not vested (\$) (g)
Vincent Theng Gek Cheng, CEO and CFO	345,000	\$0.10	Dec. 17, 2020	nil	N/A	N/A

<sup>1</sup> There are no specified performance goals pertaining to the grant of these options.

### Termination of Employment or Change in Responsibilities and Employment Contracts

The Company has no plan or arrangement with respect to compensation to its executive officers which would result from the resignation, retirement or any other termination of the executive officers' employment with the Company and its subsidiary or from a change of control of the Company or any subsidiary of the Company or a change in the executive officers' responsibilities following a change in control. There are no employment contracts.

### Compensation of Directors and Officers, Excluding the NEOs

The following table sets forth all amounts of compensation provided to the directors (other than the Named Executive Officer which is provided above) for the Company's most recently completed financial year. There were no option based awards, share based awards or non-equity incentive plan awards that vested during the most recently completed financial year with respect to these individuals.

Name (a)	Fees Earned (\$) (b)	Share-based awards (\$) (c)	Option- based awards (\$) (d)	Non-equity incentive plan compensation (\$) (e)	Pension value (\$) (f)	All other compensation (\$) (g)	Total (\$) (h)
Yi-Lin Wong	\$18,000 <sup>(1)</sup>	nil	nil	nil	nil	nil	18,000
Eric Cheng	Nil	nil	nil	nil	nil	nil	nil

Note: <sup>(1)</sup> \$18,000 has been accrued to Ms. Wong during the year for accounting and administration services provided to the Company.

The Company may compensate its directors and officers in the future in accordance with accepted business practices.

Directors, officers and employees are entitled to participate in incentive stock options granted by the Company. Refer to "Approval and Ratification of Stock Option Plan".

The Company has a formalized stock option plan for the granting of incentive stock options to the officers, employees and directors. The purpose of granting options pursuant to the stock option plan is to assist the Company in compensating, attracting, retaining and motivating the officers, directors and employees of the Company and to closely align the personal interests of such persons to that of the shareholders.

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

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options (A)</b>	<b>Weighted-average exercise price of outstanding options</b>	<b>Number of securities remaining available for future issuance under equity compensation plans, excluding securities reflected in column (A)</b>
Equity compensation plans approved by securityholders	690,000 <sup>(1)</sup>	\$0.10	nil
Equity compensation plans not approved by securityholders	nil	N/A	N/A
<b>TOTALS:</b>	<b>690,000</b>	<b>\$0.10</b>	<b>nil</b>

Note: <sup>(1)</sup> Issued pursuant to the Company's Plan. See description below under "Particulars of Matters to be Acted Upon".

The Company did not issue any stock options during the most recently completed financial year. As the Company does not have a formal compensation committee, the determination of stock option compensation was arrived at informally by consensus of the Board after examination of compensation levels of similar stage venture companies in Canada.

### **CORPORATE GOVERNANCE**

Disclosure in accordance with National Instrument 58-101 – Disclosure of Corporate Governance Practices, form 58-101F2 –Corporate Governance Disclosure (Venture Issuers) is contained in Schedule "A" attached hereto.

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

No individual who is, or at any time during the most recently completed financial year of the Company was, a director, executive officer, or senior officer of the Company, no proposed nominee for election as a director, and no associate of any director, officer or proposed nominee is, or at any time since the beginning of the most recently completed financial year of the Company has been, indebted to the Company or its subsidiary. No such person has indebtedness to another entity which indebtedness is, or at any time since the beginning of the most recently completed financial year of the Company has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiary.

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

No person who has been a director or senior officer of the Company at any time since the beginning of the Company's last financial year, no proposed nominee for election as a director, and no associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon other than the election of directors, except to the extent that they may participate in incentive stock options referred to under "Approval of Stock Option Plan".

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

To the knowledge of the Company's management, the only matters to be placed before the Meeting are those set out in the Notice of Meeting as more particularly discussed below.

#### **Appointment and Remuneration of Auditor**

Management of the Company proposes that the firm of MNP LLP, Chartered Accountants, be appointed as auditor of the Company until the next annual general meeting. Management also proposes that the directors be authorized to fix the remuneration of the auditor.

The fees billed by MNP LLP for services rendered in connection with the Company's financial statements for the last two fiscal years are summarized as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees	Total
2015	10,500	nil	nil	2,400	12,900
2014	10,500	nil	nil	2,450	12,950

Disclosure concerning the Audit Committee and its charter in accordance with National Instrument 52-110 – Audit Committees, form 52-110F2 –Disclosure by Venture Issuers is contained in Schedule “B” attached hereto.

Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote for the approval of MNP LLP, Chartered Accountants, as the auditors of the Company to hold office for the ensuing year at a remuneration to be fixed by the Directors.

### Election of Directors

Directors are elected by the holders of Common Shares of the Company. The Company's articles do not provide for cumulative voting. Each director elected will hold office until the next annual general meeting unless he resigns or his office is earlier vacated in accordance with the articles of the Company or he becomes disqualified under the Companies Law (2009 Revision) of the Cayman Islands to act as a director.

It is proposed that three (3) directors be elected. The articles of the Company provide that the directors may, between annual general meetings, appoint one or more additional directors to serve until the next annual general meeting but the total number of additional directors shall not at any time exceed one-third of the number of directors elected at the previous annual general meeting.

The persons named in the table below are proposed by management for election as directors. Management does not contemplate that any of the nominees will be unable to serve as directors; however, if for any reason any nominee does not stand for election or is unable to serve, proxies in favour of management nominees will be voted for another nominee in management's discretion unless the shareholder has specified in the proxy form that the shareholder's shares are to be withheld from voting on the election of directors.

The following information concerning the respective nominees has been confirmed by each of them:

Proposed Nominee and Place of Residence	Position with the Company / Present and Principal Occupation	Director Since	No. of Voting Securities
Vincent Theng Gek Cheng <sup>(1)</sup> , Singapore	<ul style="list-style-type: none"> <li>• President, CEO and CFO – Earl Resources Ltd</li> <li>• Director – Lumiere Ventures Ltd</li> </ul>	1998	3,787,048
Eric Theng How Cheng <sup>(1)</sup> , Singapore	<ul style="list-style-type: none"> <li>• Director – Earl Resources Ltd</li> <li>• GM and Director – Angkasa Amsteel Pte Ltd</li> </ul>	1998	110,000
Yi-Lin Wong <sup>(1)</sup> , Singapore	<ul style="list-style-type: none"> <li>• Director – Earl Resources Ltd</li> <li>• Consultant – Lumiere Ventures Ltd</li> </ul>	1998	157,000

Note: <sup>(1)</sup> Member of the Audit Committee.

Except as set out below and to the knowledge of the Company, no 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 ("CEO") or chief financial officer ("CFO") of any company (including the Company) that:
  - (i) was the subject, while the proposed director was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or

- (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO but which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO or CFO of such company; or
- (b) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

The 3 proposed directors have been and still are directors of the Company, which was the subject of cease trade orders imposed by the British Columbia Securities Commission on June 2, 2004 and the Alberta Securities Commission on June 30, 2004 for the Company's failure to file its financial statements. The Company was unable to file its financial statements due to financial constraints. Company management was eventually able to fund the preparation of the requisite financial statements and other required documentation and applied to the BCSC and ASC to have these cease trade orders rescinded. Both cease trade orders were lifted on August 13, 2010 and the Company resumed trading on the NEX Board of the TSX Venture Exchange (the "Exchange") on September 16, 2010.

Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote for the respective nominees.

### **Approval and Ratification of Stock Option Plan**

The Board of Directors of the Company implemented the Plan effective November 10, 2010. The number of Common Shares which may be issued pursuant to options previously granted and those granted under the Plan is a maximum of 10% of the issued and outstanding Common Shares at the time of the grant. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or is a consultant. Under Exchange policy, all such rolling stock option plans which set the number of common shares issuable under the plan at a maximum of 10% of the issued and outstanding common shares must be approved and ratified by shareholders on an annual basis.

The purpose of the Plan is to allow the Company to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of the Company. The granting of such options is intended to align the interests of such persons with that of the shareholders. Options will be exercisable over periods of up to ten years as determined by the Board of Directors of the Company and are required to have an exercise price no less than the closing market price of the Company's Common Shares prevailing on the day that the option is granted less a discount of up to 25%, the amount of the discount varying with market price in accordance with the policies of the Exchange and as may be approved by the Board of Directors.

Pursuant to the Plan, the Board of Directors may from time to time authorize the issue of options to directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries. The Plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule in its discretion. The Plan provides that if a change of control, as defined therein, occurs, all shares subject to option shall immediately become vested and may thereupon be exercised in whole or in part by the option holder.

Therefore, at the Meeting, shareholders will be asked to pass a resolution in the following form:

"UPON MOTION BE IT RESOLVED that the Company approve and ratify the Plan, subject to such amendments as the Exchange may require and are approved by the directors of the Company, pursuant to which the directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company and its subsidiaries to a maximum of 10% of the issued and outstanding Common Shares at the time of the grant, with a maximum of 5% of the Company's issued and outstanding shares being reserved to any one person on a yearly basis."

Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote for the approval of the Plan.

#### **OTHER MATTERS**

Management knows of no matters to come before the Meeting other than as set forth in the Notice of Meeting and this Circular. However, should any other matters properly come before the Meeting, the shares represented by the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the shares represented by the proxy, exercising discretionary authority.

#### **ADDITIONAL INFORMATION**

Financial information is provided in the Company's comparative financial statements and Management Discussion and Analysis ("MD&A") for its most recently completed fiscal year. This information and additional information relating to the Company is available for viewing or download on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **DIRECTORS' APPROVAL**

The contents of this 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 April 14, 2016

By order of the Board of Directors

*"Vincent Cheng"*

President and Chief Executive Officer

## “SCHEDULE A”

### Form 58-101F2 – Corporate Governance Disclosure under National Instrument 58-101 – Disclosure of Corporate Governance Practice

#### STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Corporate governance relates to the activities of the Board, the members of which are elected by and accountable to the members, and accounts for the role of management who are appointed by the Board and charged with the day-to-day management of the Company. The Board and senior management consider good corporate governance to be central to the effective and efficient operation of the Company. A description of the Company's approach to corporate governance is set out below.

#### 1. Board of Directors

NI 58-101 defines an "independent director" as a director who has no direct or indirect material relationship with the Company. A "material relationship" is in turn defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with such member's independent judgment. The Board is currently comprised of three members; none of whom are considered to be "independent directors" within the meaning of NI 58-101.

Mr. Vincent Theng Gek Cheng is not considered "independent" as the result of his position as senior management of the Company. Mr Eric Theng How Cheng is not considered "independent" as the result of his being the brother of Mr. Vincent Theng Gek Cheng. Ms Yi-Lin Wong is not considered "independent" as the result of her being the wife of Mr. Vincent Theng Gek Cheng. The Company is relying on the exemption provided by section 6.1 of National Instrument 52-110 (Audit Committees) with respect to the composition of its Audit Committee.

#### 2. Directorships

The following directors are also presently directors of other issuers that are reporting issuers (or the equivalent):

Name of Director	Name of Issuer	Market Traded On
Mr. Eric Theng How Cheng	Lion Asiapac Limited	Singapore Exchange ("SGX")

#### 3. Orientation and Continuing Education

The Company has not adopted a formal orientation and education program for new directors, and all relevant information is provided to new directors to ensure that they are familiar with the Company's business and the procedures of the Board. The directors consider that the adoption of a formal orientation and education program for new directors is not presently warranted given the size of the Company and the current composition of the Board. Each of the incumbent Board members has held their positions for a number of years. The Company also encourages continuing education of its directors and officers where appropriate in order to ensure that they have the necessary skills and knowledge to meet their respective obligations to the Company. The Board keeps abreast of corporate governance developments through self-education, its legal counsel and other external consultants.

#### 4. Ethical Business Conduct

Ethical business behavior is of great importance to the Board and the management of the Company. The Company currently does not have a formal code of business ethics but the Company's culture is 100% oriented to professionalism and ethical business conduct. In order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest, each director is required to declare the nature and extent of his interest and is not entitled to vote on matters which involve such a conflict. The Company expects to adopt a formal code of business ethics for all directors, officers, staff and personnel in the future.

## **5. Nomination of Directors**

The Board performs the functions of a nominating committee with responsibility for the appointment and assessment of directors. The Board believes that this is a practical approach at this stage of the Company's development. While there are no specific criteria for Board membership, the Company attempts to attract and retain directors that can enhance the Board's expertise in the areas of industry, law, finance and capital markets. Nominations tend to be the result of recruitment efforts by management of the Company and discussions among the directors prior to consideration by the Board as a whole. The Board considers the current number of directors, three (3), to be appropriate given the size of the Company and do not contemplate changing the number of directors of the Company in the foreseeable future.

## **6. Compensation**

Any compensation is determined by consensus of the Board after examination of compensation levels of similar stage venture companies in Canada. The Board reviews the Company's Plan annually and determines the number of options, if any, to be granted to directors, officers and employees. Stock option compensation is defined with regard to the levels of compensation adopted by the Company's peers.

## **7. Other Board Committees**

There is one committee, the Audit Committee, no members of which are outside directors. As at the date of this Circular, the members of the Audit Committee are Mr. Eric Theng How Cheng, Mr. Vincent Theng Gek Cheng and Ms. Yi-Lin Wong.

## **8. Assessments**

Given the current size and operations of the Company, there are currently no formal or informal procedures for assessment of the performance of the Board, its Audit Committee or the CEO. It has been observed and agreed that the Company and its Board are both too small to make that process meaningful. In future, the Company expects to establish a Corporate Governance Committee that will evaluate the effectiveness of the Board, its committees and individual directors.

## **“SCHEDULE B”**

### **Form 52-110F2 – Disclosure by Venture Issuers under National Instrument 52-110 – Audit Committees**

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

The responsibilities of the Audit Committee are as follows:

1. Assisting the Board of Directors in fulfilling its fiduciary responsibilities relating to the Company's accounting and reporting practices and the integrity of the Company's internal accounting controls and management information systems;
2. Managing the relationship with the auditor with respect to:
  - a) recommending nomination and compensation of the auditor;
  - b) having the auditor report directly to the Audit Committee;
  - c) overseeing the work of the auditor;
  - d) pre-approving non-audit services.
3. Reviewing with the auditors and management of the Company:
  - a) any audited financial statement of the Company, including any such statement that is to be presented to an annual general meeting or provided to shareholders or filed with regulatory authorities and including any audited financial statement contained in a prospectus, registration statement or other similar document;
  - b) the financial disclosure in each Annual Report and Management Discussion and Analysis of the Company which accompanies such audited financial statement and in each such filing, prospectus, registration statement or other similar document;
4. Reviewing with management of the Company:
  - a) any unaudited financial statement of the Company, including any such statement that is to be presented to an annual general meeting or provided to shareholders or filed with regulatory authorities and including any unaudited financial statement contained in a prospectus, registration statement, Quarterly Report or other similar document;
  - b) the financial disclosure in each Quarterly Report and when applicable, Management Discussion and Analysis of the Company accompanying such unaudited financial statement and in each such filing, prospectus, registration statement or other similar document which accompanies such unaudited financial statement;
5. Otherwise reviewing as required and reporting to the Board of Directors with respect to the adequacy of internal accounting and audit procedures and the adequacy of the Company's management information systems;
6. Otherwise ensuring that no restrictions are placed by management on the scope of the auditor's review and examination of the Company's accounts;
7. Ensuring the independence of and recommending to the Board of Directors the firm of independent auditors to be nominated for appointment by the shareholders at the next annual general meeting;
8. Ensuring that methods are in place to allow any director, officer or employee to bring concerns to the attention of the Audit Committee and that those who do so are provided protection from any retaliatory action whatsoever; and
9. Meeting regularly at such times and places, engaging such advisors at the expense of the Company and undertaking such interviews and inquiries as the Committee sees fit for the purpose of carrying out its mandate.

## 2. Composition of the Audit Committee

The following are the members of the Audit Committee at the date of this Circular:

Mr. Eric Theng How Cheng	Not Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
Mr. Vincent Theng Gek Cheng	Not Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
Ms. Yi-Lin Wong	Not Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>

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

## 3. Relevant Education and Experience

Mr. Eric Theng How Cheng holds a Diploma in Mechanical Engineering from Singapore Polytechnic. He is a Non-Executive Director and also a member of the Audit Committee and Remuneration Committee of SGX-listed Lion Asiapac Limited. He is currently the General Manager and Director of Angkasa Amsteel Pte Ltd, a subsidiary of SGX-listed LTC Corporation Limited. Angkasa Amsteel Pte Ltd distributes steel and iron products. Mr Cheng is also the Executive Director of Antara Steel Mills Sdn Bhd, a subsidiary of Lion Industries Corporation Berhad, which is listed on Bursa Malaysia Securities Berhad ("Bursa Malaysia").

Mr Vincent Theng Gek Cheng holds a Bachelor of Science in Industrial Engineering & Management from Oklahoma State University, USA. He is currently Director of Lumiere Ventures Ltd, a privately-held management consultancy services company. He was previously General Manager (Process and Technology) of Megasteel Sdn Bhd, a subsidiary of Lion Corporation Berhad, which is listed on Bursa Malaysia.

Ms. Yi-Lin Wong holds a Bachelor of Science in Business Administration from the University of Southern California, USA. She is currently a Consultant with Lumiere Ventures Ltd, a privately-held management consultancy services company. She was previously Senior Manager (Business Development and Project Management) of Amsteel Mills Sdn Bhd, a subsidiary of Lion Industries Corporation Berhad, which is listed on Bursa Malaysia.

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

## 4. Audit Committee Oversight

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

## 5. Reliance on Certain Exemptions

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

## 6. Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services by the external auditor as no such engagement is presently contemplated or likely to occur in the foreseeable future.

## 7. External Auditor Service Fees

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>	<b>Total</b>
<b>2015</b>	10,500	nil	nil	2,400	12,900
<b>2014</b>	10,500	nil	nil	2,450	12,950

## 8. Exemption

The Company is classified as a Venture Issuer and is relying upon the exemption in Section 6.1 of the Instrument that relieves Venture Issuers from the requirement that all members of the Audit Committee be independent.