

# GROWPROS CANNABIS VENTURES INC.

(the “Corporation”)

## MANAGEMENT PROXY CIRCULAR

(Containing information as at August 15, 2016 unless indicated otherwise)

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### SOLICITATION OF PROXIES

The management of the Corporation solicits proxies to be used at the Annual and Special Meeting of shareholders (the “Meeting”) of the Corporation to be held at the time and place and for the purposes set forth in the attached notice of meeting and at any adjournment thereof. The cost of this solicitation will be borne by the Corporation. Accordingly, the management of the Corporation has drafted this information circular (the “Circular”) that it is sending to all the security holders entitled to receive a notice of meeting.

If you cannot attend the Meeting in person, complete and return the enclosed form of proxy following the instructions therein.

### QUORUM FOR THE TRANSACTION OF BUSINESS

The Corporation’s by-laws provide that the quorum at a meeting of the shareholders of the Corporation shall be constituted by the attendance of one or more shareholders, present in person or represented by proxy, holding at least 10% of the votes attached to outstanding voting shares of the Corporation.

### RIGHT OF REVOCATION OF PROXIES AND APPOINTMENT OF PROXYHOLDER

The persons named in the enclosed form of proxy are directors and officers of the Corporation. **A shareholder has the right to appoint as his or her proxy a person, who need not be a shareholder, other than the person whose name is printed on the accompanying form of proxy.** A shareholder who wishes to appoint some other person to represent him or her at the Meeting may do so by either inserting such other person’s name in the blank space provided in the form of proxy and signing the form of proxy or by completing and signing another proper form of proxy.

A shareholder may revoke a proxy at any time by sending an instrument in writing executed by him or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized in writing, at the same address where the form of proxy was sent and within the delays mentioned therein or two business days preceding the date the Meeting resumes if it is adjourned, or remit to the chairman of such Meeting on the day of the Meeting or any adjournment thereof if applicable.

### EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the instructions of the shareholder appointing them.

**In the absence of instructions, the agent will exercise the right to vote IN FAVOUR of each question defined on the form of proxy, in the notice of meeting or in the Circular.**

**Unless otherwise specified herein, all resolutions will be adopted by a simple majority of the votes represented at the Meeting.**

Management does not know and cannot foresee at the present time any amendments or new points to be brought before the Meeting, or any adjournment thereof. If such amendments or new points were to be properly brought before the Meeting, or any adjournment thereof, the persons named in the enclosed form of proxy will vote on such matters in the way they consider advisable.

#### **AUTHORIZED CAPITAL STOCK, VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The authorized capital stock of the Corporation consists of an unlimited number of common shares without par value. Each common share entitles its holder to one vote. On the date hereof, there were 63,280,487 common shares of the Corporation issued and outstanding.

The Board of Directors of the Corporation (the “**Board**”) fixed the close of business on August 15, 2016 as the record date (the “**Record Date**”) for determining which shareholders shall be entitled to receive notice of the meeting and to vote in person or by proxy at the Meeting or any adjournment thereof. Pursuant to the *Canada Business Corporations Act*, the Corporation is required to prepare, no later than ten (10) days after the Record Date, an alphabetical list of the shareholders entitled to vote as of the record date that shows the number of shares held by each shareholder. A shareholder whose name appears on the list referred to above is entitled to vote the shares shown opposite his or her name at the Meeting. The list of shareholders is available for inspection during usual business hours at the management office of the Corporation.

As at the date hereof, to the knowledge of the directors and executive officers of the Corporation, no person holds 10% or more of the issued common shares of the Corporation.

#### **ADVICE TO NON REGISTERED SHAREHOLDERS**

**The information set forth in this section should be reviewed carefully by the non-registered shareholders. Shareholders who do not hold their shares in their own name (“Beneficial Shareholders”) should note that only proxies deposited by shareholders whose names appear on the records maintained by the Corporation’s registrar and transfer agent as registered holders of shares will be recognized and acted upon at the Meeting.** If shares are listed in an account statement provided to a shareholder by a broker, those shares will, in all likelihood, *not* be registered in the shareholder’s name. Such 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 shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker’s clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

National Instrument 54-101 of the Canadian Securities Administrators requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. The form of proxy supplied to a Beneficial

Shareholder by its broker (or the agent of the broker) is substantially similar to the form of proxy provided directly to registered shareholders by the Corporation. However, its purpose is limited to instructing the registered shareholder (*i.e.*, the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder.

The vast majority of brokers now delegate responsibility of obtaining instructions from clients to Broadridge Financial Solutions Inc. (“**BFSI**”) in Canada. BFSI typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to BFSI, or otherwise communicate voting instructions to BFSI (by way of the Internet or telephone, for example). BFSI then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. A Beneficial Shareholder who receives a BFSI voting instruction form cannot use that form to vote shares directly at the Meeting. The voting instruction forms must be returned to BFSI (or instructions respecting the voting of shares must otherwise be communicated to BFSI) well in advance of the Meeting in order to have the shares voted. If you have any questions respecting the voting of shares held through a broker or other intermediary, please contact your broker or other intermediary for assistance.

This Circular and accompanying materials are being sent to both registered shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories – those who object to their identity being known to the issuers of securities which they own (“**Objecting Beneficial Owners**”, or “**OBO’s**”) and those who do not object to their identity being made known to the issuers of the securities they own (“**Non-Objecting Beneficial Owners**”, or “**NOBO’s**”). Subject to the provision of NI 54-101 issuers may request and obtain a list of their NOBO’s from intermediaries via their transfer agents. If you are a Beneficial Shareholder, and the Corporation or its agent has sent these materials directly to you, your name, address and information about your holdings of common shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the common shares on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for delivering these materials to you and executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

The Corporation’s OBO’s can expect to be contacted by BFSI or their brokers or their broker’s agents as set out above.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting shares registered in the name of his or her broker (or his or her broker’s agent), a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the shares as proxyholder for the registered shareholder by entering his or her own name in the blank space on the proxy form provided to him or her by his or her broker (or his or her broker’s agent) and return it to that broker (or that broker’s agent) in accordance with the broker’s instructions (or the agent’s instructions).

**All references to shareholders in this Circular, the enclosed form of proxy and the notice of meeting are to the registered shareholders unless specifically stated otherwise.**

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

The Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any of the following persons in any matter to be acted upon at the Meeting:

- a) each person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year;
- b) each proposed nominee for election as a director of the Corporation; and
- c) each associate or affiliate of any of the foregoing.

## MATTERS FOR CONSIDERATION AT THE MEETING

### PRESENTATION OF FINANCIAL STATEMENTS

The Corporation's annual financial statements for the fiscal year ended November 30, 2015 and the auditor's report thereon will be presented to the Meeting but will not be subject to a vote.

### ELECTION OF DIRECTORS

The By-laws of the Corporation provide that the members of the Board are elected annually. Each director holds office until the next annual meeting of shareholders or until his successor is elected or appointed.

The mandates of André D. Audet, Koby Smutylo, Valerie Lasher, and Ryan Brown expire at the Meeting on Monday, September 19, 2016. Management does not contemplate that any of the nominees will be unable to serve on the Board but, if this should occur for any reason prior to the Meeting, the person named in the enclosed form of proxy reserves the right to vote for another nominee at his discretion unless the shareholder has indicated in the form of proxy his wish to abstain from exercising the voting rights attached to his shares at the time of the election of the directors.

Set out below in tabular form, are the names of all individuals proposed to be nominated by the management of the Corporation as directors together with related information:

Name	Office held	Director since	Number of shares beneficially owned or over which control is exercised	Present occupation
André Rancourt Sherbrooke, QC	New Director	N/A	0	Independent Consultant
André D. Audet <sup>(1)</sup> Ottawa, ON	Director	May 23, 2007	5,111,084	Chairman and CEO of Everton Resources Inc.
Robert Brouillette <sup>(1)</sup> Montreal, QC	New Director	N/A	0	Lawyer, Engineer, Trade Mark and Patent Agent at Brouillette + Partners
Benoit Chotard <sup>(1)</sup> Vancouver, BC	New Director	N/A	0	Managing Partner at Capital Force United

(1) Members of the Audit Committee

Each nominee has supplied the information concerning the number of common shares over which he exercises control or direction. Each nominee was elected director of the Corporation at a shareholders' meeting for which an information circular was issued.

**Biographical Note for:**

**André Rancourt** is highly experienced in management, start-up, and commercial strategies for human products. He is also a consultant on several commercial strategy committees including FIA and IRZC. He has tremendous practical experience that provided him with expertise in many fields ranging from metals to the complex area of human and animal natural health products.

Over the last ten years, he worked as a consultant to re-organize the operations of companies on behalf of several venture capital investment funds. He has an important network of contacts in the human and animal commercial market in multiple countries.

He studied at the Séminaire Sherbrooke from 1969 to 1971 and subsequently the University of Sherbrooke (Physical Education). He also successfully completed training in Marketing Warfare. He is often asked by investors to act as a consultant/guide to Presidents of companies.

**Robert Brouillette** is a lawyer, civil engineer, patent and trade-mark agent. He obtained his engineering degree at the Université de Sherbrooke and his law degree at the Université Laval. He was admitted to the Ordre des ingénieurs du Québec in 1972 and to the Quebec Bar in 1977. He was then appointed trade-mark agent in 1978 and patent agent in 1980.

He started his career at Ogilvy Renault in 1977. In 1992, he founded Brouillette Charpentier Fournier (now BCF). In 2005, he founded Brouillette + Partners, a lawyers, patent and trademark agents firm aiming to help builders of innovative companies. Most of his clients are entrepreneurs and a large number of them operate technology companies. He is now recognized in Canada as an expert in the direct selling field. He is also recognized by The Best Lawyers in Canada as an expert in the Information Technology field, and by Lexpert in the Intellectual Property field.

Mr. Brouillette is a former Chairman of the executive committee of the intellectual property national section of the Canadian Bar Association. He was a member of the Board of Directors of Hydro-Québec between 1998 and 2001, Hydro-Québec Capitech and Hydro-Québec Industech between 2001 and 2007. He also serves on the Board of Directors and is an advisor at Simsmart Technologies Inc., Newtrax Technologies, Kinova, Novidev Santé, Intelia, Crowdco and other technology related companies. He is currently chairman of the Board of Directors of Anges Québec and member of the Board of Directors of Capital Anges Québec. He also served as an «angel investor» in over twenty startups.

His professional path has not only made him an experienced lawyer, but also an entrepreneurship driven and accessible man.

**Benoit Chotard** has over 20 years of international corporate finance, management and public market expertise. Mr. Chotard is a Member of "Ordre des ingénieurs du Québec" since 1989. He obtained a bachelor's degree in Chemical Engineering in 1989 and a MBA in 1993, both from the University of Sherbrooke. Since January 2011, Mr. Chotard is a financial advisor for public and private corporations. Since December 2013, Mr. Chotard is Managing Partner for Capital Force United, a corporate finance advisory corporation that delivers focused advice and transaction expertise, and he was a Partner at Capital Force from January 2011 to November 2013. Since December 2013, Mr. Chotard has also acted as President & CEO, and Director of Orletto Capital Inc., a company listed on the TSX-V. Between

October 2009 and December 2010, he was Vice-president Corporate Development for Pakit Inc., a corporation specialized in sustainable cellulose fiber moulding technology to the packaging industry. Between July 2008 and January 2009, he acted as Senior Vice-president Finance Corporate Development and acting as Chief Financial Officer for CANTRONIC Systems (Canada) Inc., a corporation specialized in infrared thermal imaging and thermal imaging and night vision systems. Also, he was Director of Nouveau Monde Mining Enterprises Inc., a mining exploration corporation, from April 2012 to November 2012. During his career, Mr. Chotard spent eight years as Head of the Technology Investment Group of National Bank Financial Inc. Throughout his career he has been a significant contributor in the form of time, knowledge, and capital to many philanthropic organizations including the United Way of Canada.

### **Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

To the knowledge of the Corporation none of the foregoing nominees for election as a director of the Corporation:

- (a) is, or within the last ten years, has been a director, chief executive officer, or chief financial officer of any company that:
  - (i) was the subject of a cease trade, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which, in all cases, was in effect for a period of more than 30 consecutive days (an “**Order**”), which Order was issued while the director or executive officer was acting in the capacity as director, chief executive officer, or chief financial officer of such company; or
  - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer, or chief financial officer of such company; or
- (b) is, or within the last ten years has been, a director or executive officer of any company that, while the proposed director 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 last ten years, 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 his assets.

To the knowledge of the Corporation, none of the nominees for election as director of the Corporation has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

**You can vote for the election of all the candidates described above, vote for the election of some of them and withhold from voting for others, or withhold from voting for all of them. Unless otherwise instructed, the persons named in the accompanying form of proxy will vote FOR the election of each of the candidates described above as director of the Corporation.**

## **COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS**

### **A - COMPENSATION OF EXECUTIVE OFFICERS**

#### **Compensation Discussions and Analysis**

##### ***Interpretation***

"Named Executive Officer" ("NEO") means each of the following individuals:

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

The NEOs who are the subject of this Compensation Discussion and Analysis are: Ryan Brown, CEO, Sabino Di Paola, CFO, and André D. Audet, Chairman of the Board.

##### ***Compensation Program Objectives***

In light of the Corporation's current stage of development, it does not have a formal compensation program. The Board meets to discuss and determine management compensation without reference to formal criteria. The general objective of the Corporation's compensation is to: (i) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value, (ii) align management's interests with the long-term interests of shareholders, (iii) provide a compensation package that is commensurate with other junior mining exploration companies in order to enable the Corporation to attract and retain talent; and (iv) ensure that the total compensation package is designed in a manner that takes into account the constraints under which the Corporation operates by virtue of the fact that it is a junior mining exploration company without a history of earnings.

##### ***Purpose of the Compensation Program***

The Board, as a whole, ensures that total compensation paid to all NEOs is fair and reasonable and accomplishes the following long-term objectives:

- produce long-term positive results for the Corporation's shareholders;

- align executive compensation with corporate performance; and
- provide market-competitive compensation and benefits that will enable the Corporation to recruit, retain and motivate the executive talent necessary to be successful.

The Board also relies on the experience of its members in assessing compensation levels.

### ***Elements of Compensation Program***

The executive compensation program consists of a combination of base cash compensation, bonus and stock option incentives.

### ***Purpose of Each Element of the Executive Compensation Program***

The base cash compensation of an NEO is intended to attract and retain executives by providing a reasonable amount of non-contingent remuneration.

Stock options are generally awarded to NEOs on an annual basis. The granting of stock options upon hire aligns NEOs' rewards with an increase in shareholder value over the long term.

### ***Determination of the Amount of Each Element of the Executive Compensation Program***

#### ***Intervention of the Board of Directors***

The base cash compensation of the NEOs, other than the President/CEO, is reviewed annually by the President/CEO, who makes recommendations to the Board. The Board reviews the recommendations of the President/CEO and approves the base cash compensation of the NEOs based on the recommendations of the President/CEO. The base cash compensation for the President/CEO is reviewed annually by the Board.

#### ***Base Cash Compensation***

The base cash compensation review of each NEO takes into consideration the current competitive market conditions, experience and the particular skills of the NEO. Base compensation is not evaluated against a formal "peer group". The Board relies on the general experience of its members in setting base compensation amounts.

#### ***Bonuses***

The bonus for each individual NEO varies dependent upon the position and is determined by the Board at their sole discretion. No bonus arrangements are currently in place.

#### ***Stock Options***

The Corporation has established a formal plan (the "**Stock Option Plan**") under which stock options are granted to directors, officers, employees and consultants as an incentive to serve the Corporation in attaining its goal of improved shareholder value. The Board determines which NEOs (and other persons) are entitled to participate in the Stock Option Plan, the number of options granted to such individuals, the date on which each option is granted and the corresponding exercise price. For further information regarding the Stock Option Plan refer to "*Securities Authorized for Issuance Under Equity Compensation Plans*".

The Board makes these determinations subject to the provisions of the existing Stock Option Plan and, where applicable, the policies of the TSX Venture Exchange (the “**Exchange**”).

### ***Link to Overall Compensation Objectives***

Each element of the executive compensation program has been designed to meet one or more objectives of the overall program.

The base cash compensation of each NEO, combined with any bonuses and granting of stock options, has been designed to provide total compensation which the Board believes is competitive. Overall compensation is not evaluated against a formal “peer group”.

### **Summary Compensation Table**

The following table presents information concerning all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, to NEOs by the Corporation for services in all capacities to the Corporation for the three most recently completed financial year:

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			
Ryan Brown, CEO	2015	60,000	-	9,632	-	-	-	-	69,632
Sabino Di Paola, CFO	2015	-	-	4,816	-	-	-	35,400	40,216
André D. Audet <sup>(1)</sup> Chairman	2015	-	-	28,895	-	-	-	50,000	78,895
	2014	-	-	-	-	-	-	-	-
	2013	-	-	-	-	-	-	-	-

- (1) Mr. Audet, who was appointed Chief Executive Officer and President effective October 1, 2012, resigned his position on January 1, 2015. Mr. Audet was Chief Financial Officer from October 28, 2014 until his resignation on January 1, 2015. Mr. Audet’s services to the Corporation were provided by Woodcliff Capital Inc., an external management company, of which Mr. Audet is a principal. Woodcliff Capital Inc. was formerly paid \$2,500 per month for providing the services of Mr. Audet to the Corporation.

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

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at the end of the most recently completed financial year to the NEOs of the Corporation:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Ryan Brown	500,000	0.05	Nov. 5, 2017	-	-	-	-
Sabino Di Paola	250,000	0.05	Nov. 5, 2017	-	-	-	-
André D. Audet	500,000 <sup>(2)</sup>	0.32 <sup>(2)</sup>	Jan. 4, 2016	-	-	-	-
	1,500,000	0.05	Nov. 5, 2017	-	-	-	-

(1) Based on the November 30, 2015 closing price of \$0.02 for the Corporation's common shares on the Exchange.

(2) Consolidation (2:1) on June 19, 2014

### Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year

The following table presents information concerning value vested with respect to option-based awards and share-based awards for each NEO during the most recently completed financial year:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Ryan Brown	-	-	-
Sabino Di Paola	-	-	-
André D. Audet	-	-	-

### Pension Plan Benefits

The Corporation does not have a defined benefits pension plan or a defined contribution pension plan.

### Termination and Change of Control Benefits

During the most recently completed financial year there were no employment contracts, agreements, plans, or arrangements for payments to a NEO, at, following or in connection with any termination (whether voluntary, involuntary, or constructive), resignation, retirement, a change in control of the Corporation, or a change in a NEO's responsibilities.

## B - DIRECTOR COMPENSATION

### *Director Compensation Table*

The following table sets forth information with respect to all amounts of compensation provided to the directors of the Corporation for the most recently completed financial year:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Koby Smutylo	7,000	-	4,815	-	-	-	11,815
Valerie Lasher	-	-	4,815	-	-	-	4,815

### ***Share-Based Awards, Options-Based Awards, and Non-Equity Incentive Plan Compensation***

#### ***Incentive Plan Awards – Outstanding Share-Based Awards and Option-Based Awards***

The following table sets forth information with respect to all share-based awards and option-based awards outstanding at the end of the most recently completed financial year to the directors of the Corporation:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Koby Smutylo	250,000	0.05	Nov. 5, 2017	-	-	-	-
Valerie Lasher	250,000	0.05	Nov. 5, 2017	-	-	-	-

(1) Based on the November 30, 2015 closing price of \$0.02 for the Corporation's common shares on the Exchange.

### **Incentive Plan Awards—Value Vested or Earned During the Most Recently Completed Financial Year**

The following table presents information concerning the value vested with respect to option-based awards and share-based awards for the directors of the Corporation during the most recently completed financial year:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Koby Smutylo	-	-	-
Valerie Lasher	-	-	-

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at November 30, 2015, the end of the Corporation's financial year, with respect to compensation plans pursuant to which equity securities of the Corporation are authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	4,650,000	0.10	1,157,048
Equity compensation plans not approved by security holders	-	-	-

### Stock Option Plan

The Corporation's stock option plan (the "**2007 Plan**") was adopted by the Board on December 21, 2007 and was amended on November 17, 2011. On July 8, 2013, the 2007 Plan was replaced by the 2013 Stock Option Plan (the "**2013 Plan**"), December 29, 2014, the plan was amended. Collectively the 2007, 2013, and 2014 Plans are referred to as the "Plans". The Board adopted the Plans in order to advance the interests of the Corporation by providing directors, officers, employees and consultants with a financial incentive tied to the long-term financial performance of the Corporation and continued service or employment with the Corporation. The prior 2007 Plan was a "rolling plan" while the 2013 and 2014 Plans are "fixed plans".

Under the 2014 Plan, the Board may grant options to acquire common shares to directors, officers and employees of, and service providers to, the Corporation and its subsidiaries. The maximum number of common shares that can be issued upon the exercise of options granted under the Plan, together with any common shares issued or reserved for issuance under any other share compensation arrangement which is then in place, is equal to a total of 5,807,048.

The exercise price of options granted under the 2014 Plan is set at the time of the grant of the options, but cannot be less than the closing price of the Corporation's common shares on the Exchange on the trading day immediately preceding the day on which an option is granted.

The maximum period during which options may be exercised is ten (10) years from the date on which they are granted. Options granted under the 2014 Plan are not transferable other than by will or by the laws of succession of the domicile of the deceased optionee.

Under the 2014 Plan, if an optionee's employment or service provider relationship with the Corporation is terminated for cause, options not then exercised terminate immediately. If an optionee dies or becomes, in the determination of the Board, permanently disabled, options may be exercised for that number of common shares which the optionee was entitled to acquire at the time of death or permanent disability, as the case may be. Such options may be exercised for a period of one year after the date of death or permanent disability. Upon an optionee's employment, office, directorship or service provider relationship with the Corporation terminating or ending other than by reason of death, permanent disability or termination for cause, options may be exercised for that number of common shares which

the optionee was entitled to acquire at the time of such termination. Such options may be exercised for a period of one year after such date.

### **Directors' and Officers' Liability Insurance**

The Corporation has entered into a directors' and officers' liability insurance policy for the benefit of the directors and officers of the Corporation and its subsidiary. The annual limit for all claims under the policy is \$2 million, subject to a per claim deductible of \$25,000. The annual premium payable by the Corporation under the policy is \$10,260. The Corporation's current coverage under the policy continues until June 18, 2016.

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

During the fiscal year ended November 30, 2015, and as at the date of this Circular, none of the executive officers, directors, employees (or previous executive officers, directors, or employees of the Corporation), each proposed nominee for election as a director of the Corporation (or any associate of an executive officer, director or proposed nominee) was or is indebted to the Corporation with respect to the purchase of securities of the Corporation and for any other reason pursuant to a loan.

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

The management of the Corporation is not aware of any material interest, direct or indirect, that any director, proposed director, officer, shareholder of the Corporation holding, directly or indirectly, as beneficial owner, more than 10% of the outstanding common shares of the Corporation or any associate or affiliate of any such persons would have in any material transaction concluded since the beginning of the last financial year of the Corporation or in any proposed transaction which had or could have a material effect on the Corporation.

### **MANAGEMENT CONTRACTS**

The management functions of the Corporation are substantially performed by directors or senior officers of the Corporation and not to any substantial degree by any other person with whom the Corporation has contracted.

### **CORPORATE GOVERNANCE PRACTICES**

*National Policy 58-201 Corporate Governance Guidelines* and *National Instrument 58-101 Disclosure of Corporate Governance Practices* set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation's required annual disclosure of its corporate governance practices.

#### **Board of Directors**

##### Independent Directors

The independent directors of the Corporation are Robert Brouillette and Benoit Chotard.

### Non-Independent Directors

The non-independent directors of the Corporation are André Rancourt, President of GrowPros Agro-Tek Inc. (a wholly owned subsidiary of the Corporation) and André D. Audet in light of his positions as Chairman of the Corporation.

### **Directorships**

The following directors are currently directors of other issuers that are reporting issuers (or the equivalent) in a jurisdiction of Canada or a foreign jurisdiction:

<b>Name of Director</b>	<b>Issuer</b>
André D. Audet	Everton Resources Inc. Majescor Resources Inc.

### **Orientation and Continuing Education**

The Corporation does not currently have a formal orientation program for new directors. The Board has not at this time taken any measures to provide continuing education for the directors. However, the directors of the Corporation are encouraged to attend, at the Corporation's expense, any seminar given by the Exchange or the Canadian Securities Administrators relating to the management of a public company or relating to their responsibilities as a director of a public company. Furthermore, the directors are given access to the Corporation's legal advisors for any questions they may have relating to such responsibilities.

### **Ethical Business Conduct**

The Board does not have a written code of ethics and conduct for the directors and officers. All of the directors are required to act and carry out their duties honestly and in good faith with a view to the best interest of the Corporation. The Corporation requests that all its directors act according to the laws and rules where they are governed. Directors with an interest in a material transaction are required to declare their interest and abstain from voting on such transactions. All Board members have experience in spheres ranging from finance to exploration in order to ensure a culture of ethical business conduct.

### **Nomination of Directors**

The candidates to the Board are recommended by the Chairman and chosen by the Board based on the Corporation's needs.

### **Compensation**

The process of compensation is described in the Section "Compensation of Executive Officers and Directors".

### **Other Board Committees**

There are currently no committees other than the Audit Committee.

## Assessments

To date, no formal evaluation process has been put in place to evaluate the effectiveness of the directors, the descriptions of the positions held or the competence and qualifications that each director is required to bring to the Board. This task is the responsibility of the Board, who punctually reviews its operation as well as its directors' roles, and its members are encouraged to give feedback regarding the effectiveness of the Board as a whole, its practices and individual directors will, when necessary, make recommendations to the Board.

## **APPOINTMENT OF AUDITORS AND AUTHORIZATION GIVEN TO THE BOARD OF DIRECTORS TO FIX THE REMUNERATION OF THE AUDITORS**

Since December 2014, McGovern, Hurley, Cunningham, LLP ("MHC") have been appointed to act as auditors of the Corporation.

The shareholders of the Corporation are asked to vote for the re-appointment of MHC, as auditors of the Corporation for the financial year ending November 30, 2016 and to authorize the directors to establish their remuneration.

In the absence of instructions to the contrary, the persons designated in the enclosed form of proxy intend to vote **IN FAVOUR** of the appointment of MHC as the auditors of the Corporation to hold office until the next meeting of shareholders, and to vote **IN FAVOUR** of the authorization given to the directors to fix the auditors' remuneration.

## **AUDIT COMMITTEE**

### **Charter and Composition of the Audit Committee**

The text of the audit committee's charter is attached hereto as Schedule "A".

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

The current members of the Corporation's audit committee are André D. Audet, Robert Brouillette, and Benoit Chotard. All such members are financially literate and independent members of the audit committee, with the exception of André D. Audet in light of his position as Chairman of the Corporation, as such terms are defined in *National Instrument 52-110 Audit Committees* ("NI 52-110") who is non-independent.

### **Education and Relevant Experience**

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

#### ***André D. Audet***

Mr. Audet, who graduated with a Bachelor of Commerce degree (Major in Finance), possesses more than twenty-five years of experience in the management and financing of public junior mining companies. He was a Vice-President at BMO Nesbitt Burns where he specialized in private portfolio and mining investments.

**Robert Brouillette**

Mr. Brouillette is a lawyer, civil engineer, patent and trade-mark agent. He obtained his engineering degree at the Université de Sherbrooke and his law degree at the Université Laval. He was admitted to the Ordre des ingénieurs du Québec in 1972 and to the Quebec Bar in 1977. He was then appointed trade-mark agent in 1978 and patent agent in 1980.

**Benoit Chotard**

Mr. Chotard obtained a bachelor's degree in Chemical Engineering in 1989 and a Master in Business Administration degree in 1993, both from the University of Sherbrooke. Since January 2011, Mr. Chotard is a financial advisor for public and private corporations.

**Audit Committee Oversight**

At no time since the commencement of the Corporation's financial year ended November 30, 2015 was a recommendation of the audit committee to nominate or compensate an external auditor not adopted by the Board.

**Reliance on Certain Exemptions**

At no time since the commencement of the Corporation's financial year ended November 30, 2015 has the Corporation relied on the exemption provided under section 2.4 of NI 52-110 (*De minimis Nonaudit Services*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*).

However, the Corporation is not required to comply with Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of NI 52-110 given that it is a venture issuer as defined in NI 52-110.

**Pre-Approval Policies and Procedures**

The audit committee of the Corporation has adopted specific policies and procedures for the engagement of non-audit services as described in the audit committee's charter attached hereto as Schedule A.

**External Auditor Service Fees**

The aggregate fees billed by the Corporation's external auditors in each of the last two (2) fiscal years are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit-Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees <sup>(1)</sup></b>
November 30, 2015	6,000	Nil	3,000	Nil
November 30, 2014	11,000	Nil	Nil	275

(1) Canadian Public Accountability Board annual fees.

## MATTERS TO BE ACTED ON AT THE MEETING

### Approval of Name Change

Shareholders will be asked to consider and, if deemed appropriate, approve and adopt a special resolution authorizing the Board to amend the articles of incorporation of the Corporation to effect the change of name of the Corporation to “PhytoPain Pharma Inc.” or any such other name as the Board, the Director under the CBC, and the CSE may approve.

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve and authorize the following resolution in respect of the Name Change (the “Name Change Resolution”):

WHEREAS, GrowPros Cannabis Ventures Inc. (“the Corporation”) proposes to change its name to “PhytoPain Pharma Inc. ” or to such other name as the board of directors of the Corporation and applicable regulatory authorities may approve (the “Name Change”);

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. PURSUANT TO Section 173(1)(a) of the *Canada Business Corporation Act* (the “CBCA”), the Articles of the Corporation be amended by changing the name of the Corporation to “PhytoPain Pharma Inc.” or such other name as the board of directors, in their sole discretion may resolve, the Director appointed under the CBCA may permit, and the Canadian Securities Exchange may approve;
2. any one (1) director or officer of the Corporation, is hereby authorized and directed to do all things and to execute all instruments, documents, articles of amendment or restated articles of incorporation as in their opinion may be necessary or desirable in order to give effect to the foregoing special resolution;
3. McMillian LLP be appointed as the agent of the Corporation to electronically file the Articles of Amendment (form 4) in respect of the Name Change with the Director appointed under the CBCA;
4. notwithstanding the approval of the shareholders of the Corporation as herein provided, the board of directors of the Corporation may, in their sole discretion, revoke this special resolution before it is acted upon, without further approval of the shareholders of the Corporation.”

The Board has unanimously approved the Name Change and recommends that Shareholders vote FOR the Name Change Resolution. In order to be effective, the Name Change Resolution must be approved by at least 66 2/3% of the votes cast in respect thereof in person or by proxy at the Meeting. The Named Proxyholders, if appointed as proxies, intend to vote FOR the Name Change Resolution.

### Consolidation of Share Capital

By resolution approved on August 15, 2016, the Board authorized the submission to shareholders of the following special resolution approving an amendment to its articles of incorporation to consolidate its issued and outstanding common shares:

“RESOLVED, as a special resolution, that:

- A. The Corporation is hereby authorized to amend its articles of incorporation to provide that within the next 12 months:
1. The authorized capital of the Corporation is altered by consolidating all of the issued and outstanding common shares of the Corporation without par value on the basis of a consolidation ratio of one (1) post-consolidation share for every three (3) pre-consolidation shares, and the number of pre-consolidation shares in the ratio must be a whole number of common shares;
  2. In the event that the consolidation would otherwise result in the issuance of a fractional share, no fractional share shall be issued by the Corporation. Consequently, any fraction resulting from the consolidation of a shareholder’s share will be rounded down to the lower unit where the fraction obtained is less than 0.5 and will be rounded up to the larger unit when the fraction obtained is equal to or greater than 0.5;
  3. The effective date of such consolidation shall be the date shown in the certificate of amendment issued by the Director appointed under the *Canada Business Corporations Act* or such other date indicated in the articles of amendment provided that, in any event, such date shall be prior to the next annual meeting.
- B. Any officer or director of the Corporation is hereby authorized to execute and deliver all documents and to do all acts and things necessary or desirable to give effect to this special resolution, including, without limitation, the determination of the effective date of the consolidation and the delivery of articles of amendment in the prescribed form to the Director appointed under the *Canada Business Corporations Act*, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination; and
- C. Notwithstanding the foregoing, the directors of the Corporation are hereby authorized, without further approval of or notice to the shareholders of the Corporation, to revoke this special resolution at any time before a certificate of amendment is issued by the Director.”

If the special resolution is approved, the Board will have the authority, in its sole discretion, to proceed with the share consolidation, provided that (i) the share consolidation ratio would be one (1) post-consolidation share for every three (3) pre-consolidation shares, and (ii) the number of pre-consolidation shares in the ratio must be a whole number of common shares. Approval of the special resolution by shareholders would give the Board authority to implement the consolidation at any time prior to the next annual meeting. In addition, notwithstanding approval of the proposed consolidation by shareholders, the Board, in its sole discretion, may revoke the special resolution, and abandon the consolidation without further approval or action by or prior notice to shareholders.

### *Background and Reasons for the Share Consolidation*

It is the Board's opinion that the Corporation's existing issued and outstanding common share structure is not conducive to securing additional equity financing and that a restructuring is warranted in order to facilitate attracting new investments to the Corporation. Implementing the restructuring process in a timely manner will also put the Corporation in a much stronger position to take advantage of potential value-added opportunities. The Corporation currently has three projects, being its clinical trials, construction of its medical marijuana facility, and development of its natural health products, which all require significant funding for further advancement.

As at the date of this Circular, there are no pending financings in place nor is there any assurance that the Corporation will be successful in concluding a financing for the clinical trials or any new project in the future.

The special resolution would also authorize the Board to elect not to proceed with, and abandon, the consolidation at any time if it determines, at its sole discretion, to do so. The Board would exercise this right if it determined that the consolidation was no longer in the best interests of the Corporation and its shareholders. No further approval or action by or prior notice to shareholders would be required for the Board to abandon the consolidation.

### *Principal Effects of the Share Consolidation*

If approved and implemented, the consolidation will occur simultaneously for all of the Corporation's common shares and the consolidation ratio will be the same for all of such shares. The consolidation will affect all shareholders uniformly and will not affect any shareholder's percentage ownership interest in the Corporation, except to the extent that the consolidation would otherwise result in any shareholder owning a fractional share. As described below under "Effect on Fractional Shareholders", any fraction resulting from the consolidation of a shareholder's shares will be rounded down or up depending on the fraction obtained as a result of the consolidation. In addition, the consolidation will not affect any shareholder's proportionate voting rights (subject to the treatment of fractional shares). Each common share outstanding after the consolidation will be entitled to one vote and will be fully paid and non-assessable.

The principal effects of the consolidation will be that:

- the number of common shares of the Corporation issued and outstanding will be reduced from 63,280,487 shares as of August 15, 2016 to approximately 21,093,496 shares.
- the exercise price and/or the number of common shares of the Corporation issuable under any of the Corporation's outstanding convertible securities, purchase warrants, stock options and any other similar securities will be proportionately adjusted based upon the consolidation ratio of one post-consolidation share for every three pre-consolidation shares; and
- the number of common shares reserved for issuance under the Corporation's current Plan will be reduced proportionately based on the consolidation ratio of one post-consolidation share for every three pre-consolidation shares selected by the Board.

### *Effect on Fractional Shareholders*

No fractional share will be issued if, as a result of the consolidation, a registered shareholder would otherwise become entitled to a fractional share. Consequently, any fraction resulting from the consolidation

of a shareholder's shares will be rounded down to the lower unit where the fraction obtained is less than 0.5 and will be rounded up to the larger unit when the fraction obtained is equal to or greater than 0.5.

*Effect on Convertible Securities, Stock Options and Other Arrangements*

The exercise price and/or the number of common shares of the Corporation issuable under any of the Corporation's outstanding convertible securities, purchase warrants, stock options and any other similar securities will be proportionately adjusted based upon the consolidation ratio of one post-consolidation share for every three pre-consolidation shares.

*Effect on Share Certificates*

If the proposed consolidation is approved by shareholders and implemented by the Board, registered shareholders will be required to exchange their share certificates representing pre-consolidation common shares for new share certificates representing post-consolidation common shares. Following the announcement by the Corporation of the effective date of the consolidation, registered shareholders will be sent a transmittal letter from the Corporation's transfer agent, Computershare Investor Services Inc. ("**Computershare**"), as soon as practicable after the effective date of the consolidation. The transmittal letter will contain instructions on how to surrender to Computershare your certificate or certificates representing your pre-consolidation shares. Computershare will send each registered shareholder who has sent the required documents a new share certificate representing the number of post-consolidation common shares to which the shareholder is entitled. Until surrendered to Computershare, each share certificate representing pre-consolidation common shares of the Corporation will be deemed for all purposes to represent the number of whole post-consolidation common shares to which the shareholder is entitled as a result of the consolidation. The certificates or DRS Advises will be issued following the consolidation.

**SHAREHOLDERS SHOULD NOT DESTROY ANY SHARE CERTIFICATE AND SHOULD NOT SUBMIT ANY SHARE CERTIFICATE UNTIL REQUESTED TO DO SO.**

*Procedure for Implementing the Share Consolidation*

If the special resolution is approved by shareholders and the Board decides to implement the consolidation, the Corporation will promptly file articles of amendment with the Director under the *Canada Business Corporations Act* in the form prescribed to amend the Corporation's articles of incorporation. The consolidation will become effective on the date appearing in the certificate of amendment issued by the Director under the *Canada Business Corporations Act*.

*No Dissent Right*

Under the *Canada Business Corporations Act*, shareholders do not have dissent and appraisal rights with respect to the proposed consolidation.

*Required Vote and Recommendation of Board of Directors*

The text of the special resolution is found above. **For the reasons indicated above, the Board and management of the Corporation believe that the proposed consolidation is in the best interests of the Corporation and its shareholders and, accordingly, recommend that shareholders vote FOR the special resolution.** To take effect, the special resolution must be approved by not less than three-thirds of the votes cast by the holders of common shares present in person or represented by proxy at the Meeting. In addition, in accordance with its policies, the proposed consolidation of the Corporation's common shares

must be approved by the Exchange. The special resolution provides that the Board may, where it deems expedient in the interests of the Corporation, revoke the special resolution at any time prior to the issuance of the certificate of amendment by the Director pursuant to the *Canada Business Corporations Act*, without having to give notice to the shareholders of the Corporation and without having to obtain any other authorization from them.

**Unless the shareholders provide instruction to the contrary, the persons named as proxyholders in the enclosed proxy form intend to vote FOR the adoption of the special resolution, the text of which appears in the present Section.**

## **OTHER BUSINESS**

Management is not aware of any amendments or variations to matters identified in the notice of meeting or other matters that may properly come before the Meeting, other than those mentioned in said notice.

## **ADDITIONAL INFORMATION**

Additional financial information is provided in the comparative consolidated financial statements of the Corporation and in management's discussion and analysis of the financial condition for the fiscal year ended November 30, 2015. Copies of this circular and the documents mentioned hereinabove are available on SEDAR ([www.sedar.com](http://www.sedar.com)) under the Corporation's profile.

Additional copies are also available by contacting the Corporation at its administrative office:

99-5460 Canotek Road  
Ottawa, ON K1J 9G9  
Telephone: (613) 421-8402  
Facsimile: (613) 421-8406  
Email: Sabino.dipaola@accmadeeasy.ca

The Corporation may request the payment of reasonable fees if the requesting party is not a shareholder of the Corporation.

## **APPROVAL OF INFORMATION CIRCULAR**

The contents and the sending of the Circular have been approved by the directors of the Corporation.

Ottawa, August 15<sup>th</sup>, 2016

**By order of the Board of Directors**

(s) "Ryan Brown"

Ryan Brown

Chief Executive Officer and President

## SCHEDULE A

### GROWPROS CANNABIS VENTURES INC.

#### CHARTER OF THE AUDIT COMMITTEE

##### **Composition and Independence, Financial Literacy and Authority**

The Audit Committee (the “**Committee**”) of GrowPros Cannabis Ventures Inc. (the “**Corporation**”) shall be composed of members of the Board of Directors (the “**Board**”) in such number as is determined by the Board with regard to applicable laws, rules and regulations and any other relevant consideration, subject to a minimum requirement of three directors.

The majority of the members of the Committee shall not be employees, Control Persons or officers of the Corporation or any of its Associates or Affiliates (as such terms are defined in the policies of the Exchange) and for greater certainty, the Chairman of the Board of Directors shall not be deemed to be an officer of the Corporation for the purpose of this Charter if that is his sole office or position with the Corporation.

The members of the Committee shall be appointed by the Board and shall serve until their successors are duly appointed. A Chair will be appointed by the Board, failing which the members of the Committee may designate a Chair by majority vote. The Committee may from time to time delegate to its Chair certain powers or responsibilities that the Committee itself may have hereunder.

In fulfilling the responsibilities set out in this Charter, the Committee has the authority to conduct any investigation and access any officer, employee or agent of the Corporation appropriate to fulfilling its responsibilities, including the external auditors of the Corporation. The Committee may obtain advice and assistance from outside legal, accounting or other advisors as the Committee deems necessary to carry out its duties and may retain and determine the compensation to be paid by the Corporation for such independent counsel or outside advisor in its sole discretion without seeking Board approval.

Committee members will enhance their familiarity with financial, accounting and other areas relevant to their responsibilities by participating in educational sessions or other opportunities for development.

##### **Meetings**

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Committee should meet with the external auditors and management quarterly to review the Corporation’s financial statements consistent with the section entitled “Financial Reporting” below. The Committee should dedicate a portion of each of its regularly scheduled quarterly meetings to meeting separately with each of the Chief Financial Officer and the external auditors and to meeting on its own without other members of management or the external auditors.

##### **Specific Duties and Responsibilities**

###### *Financial Reporting*

The Committee shall be responsible for the oversight of reliable, accurate and clear financial reporting to shareholders, including reviewing the Corporation’s annual and interim financial statements and management’s discussion and analysis, prior to approval by the Board and release to the public, and reviewing, as appropriate, releases to the public of significant material non-public financial information

of the Corporation. Such review of the financial reports of the Corporation shall include, where appropriate but at least annually discussion with management and the external auditors of significant issues regarding accounting principles, practices, and significant management estimates and judgments.

The Committee shall review earnings press releases and satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure in the Corporation's annual and interim financial statements and MD&A, and must periodically assess the adequacy of those procedures.

#### *Financial Reporting Process*

The Committee shall support the Board in its oversight of the financial reporting process of the Corporation including:

- working with management and the external auditors to review the integrity of the Corporation's financial reporting processes;
- reviewing the process relating to and the certifications of the Chief Executive Officer and the Chief Financial Officers on the integrity of the Corporation's quarterly and annual consolidated financial statements;
- considering the key accounting policies of the Corporation and key estimates and judgments of management and discussing such matters with management and/or the external auditors;
- keeping abreast of trends and best practices in financial reporting;
- reviewing with the external auditors and management significant accounting principles and policies and all critical accounting policies and practices used and any significant audit adjustments made;
- considering and approving, if appropriate, major changes to the Corporation's accounting and financial reporting and policies as suggested by the external auditors or management; and
- establishing regular systems of reporting to the Committee by each of management and the external auditors regarding any significant judgments made in management's preparation of the financial statements and any significant difficulties encountered during the course of the review or audit, including any restrictions on the scope of work or access to required information.

#### *The Audit Committee's Role in the Financial Reporting Process*

The external auditors are responsible for planning and carrying out, in accordance with professional standards, an audit of the Corporation's annual financial statements and, if approved by the Board, reviews of the Corporation's quarterly financial information. Management of the Corporation is responsible for the preparation, presentation and integrity of the Corporation's financial statements and for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations. The Audit Committee oversees the financial reporting process at the Corporation and receives quarterly reporting regarding the process undertaken by management and, if applicable, the results of the external auditors' review. It is not the duty of the Audit Committee to plan or conduct

audits, or to determine that the Corporation's financial statements are complete, accurate and in accordance with GAAP.

#### *Internal Controls*

The Committee shall monitor the internal controls of the Corporation to ensure the necessary checks and balances are in place, including:

- requiring management to implement and maintain appropriate systems of internal controls in accordance with applicable laws, regulations and guidance;
- meeting with management to assess the adequacy and effectiveness of the Corporation's internal control systems; and
- reviewing reporting by the Corporation to its shareholders regarding internal controls.

#### *Oversight of External Auditors*

The Committee shall review and evaluate the performance, qualifications and independence of the external auditors and annually make recommendations to the Board and shareholders regarding the nomination of the external auditors for appointment by the shareholders. The Committee shall also make recommendations regarding remuneration and, if appropriate, termination of the external auditors. The external auditors shall be accountable to the Committee and the entire Board, as representatives of the shareholders, for such external auditors' review of the financial statements and controls of the Corporation. In addition, the Committee shall:

- review the external auditors' annual audit plans and engagement letters;
- review the external auditors' processes for assuring the quality of their audit services including any matters that may affect the audit firms' ability to serve as the external auditor of the Corporation;
- discuss those matters that are required to be communicated by external auditors to the Committee in accordance with the standards established by the Canadian Institute of Chartered Accountants, as such matters are applicable to the Corporation from time to time;
- review with the external auditors any issues that may be brought forward by them, including any audit problems or difficulties, such as restrictions on their audit activities or access to requested information, and management's responses;
- review with the external auditors their concerns, if any, about the quality, not just acceptability, of the Corporation's accounting principles as applied in its financial reporting; and
- provide a forum for management and the external auditors to raise issues regarding their relationship and interaction. To the extent disagreements regarding financial reporting are not resolved, be responsible for the resolution of such disagreements between management and the external auditors.

### *Independence of External Auditors*

The Committee shall oversee and assess the independence of the external auditors through various mechanisms, including:

- reviewing and approving (or recommending to the Board for approval) the audit fees and other significant compensation to be paid to the external auditors and reviewing and pre-approving all non-audit services to be performed by the external auditors;
- receiving from the external auditors, on a periodic basis, a formal written statement delineating all relationships between the external auditors and the Corporation consistent with the rules of professional conduct of the Canadian provincial chartered accountants institutes or other regulatory bodies, as applicable;
- reviewing and discussing with the Board, annually and otherwise as necessary, and the external auditors, any relationships or services between the external auditors and the Corporation or any factors that may impact the objectivity and independence of the external auditors;
- reviewing and approving policies and procedures regarding the employment of partners, employees and former partners and employees of the present or former external auditors of the Corporation as required by applicable laws; and
- reviewing and monitoring other policies put in place to facilitate auditor independence.

### *Compliance*

The Committee shall oversee the establishment and maintenance of processes that ensure the Corporation is in compliance with the laws and regulations that apply to it as well as its own policies, including:

- reviewing with management the Corporation's compliance with applicable regulatory requirements and applicable securities legislation;
- establishing procedures in accordance with regulatory requirements for the receipt, retention and treatment of complaints received by the Corporation on accounting, internal accounting controls or auditing matters, as well as for confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters;
- reviewing professional pronouncements and changes to key regulatory requirements relating to accounting rules to the extent it applies to the financial reporting process of the Corporation; and
- reviewing with the Corporation's legal counsel any legal matter arising from litigation, asserted claims or regulatory noncompliance that could have a material impact on the Corporation's financial condition.

### **General**

The Committee shall have the following additional general duties and responsibilities:

- performing such other functions and tasks as may be mandated by regulatory requirements applicable to audit committees or delegated by the Board;

- reviewing and assessing the adequacy of this Charter at least annually and submitting this Charter to the Board for approval upon amendment;
- maintaining minutes or other records of meetings and activities of the Committee; and
- reporting to the Board following each meeting of the Committee