



INFORMATION CIRCULAR

As at June 21, 2019, unless otherwise noted

FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF THE SHAREHOLDERS TO BE HELD ON AUGUST 6, 2019

SOLICITATION OF PROXIES

This information circular is furnished in connection with the solicitation of proxies by the management of Lithion Energy Corp. (the “**Company**”) for use at the Annual General and Special Meeting (the “**Meeting**”) of the Shareholders of the Company to be held at the time and place and for the purposes set forth in the Notice of Meeting and at any adjournment thereof.

PERSONS OR COMPANIES MAKING THE SOLICITATION

The enclosed Instrument of Proxy is solicited by management of the Company (“Management”). Solicitations will be made by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company. The Company does not reimburse Shareholders’ nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining from their principals, authorization to execute the Instrument of Proxy. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company. None of the directors of the Company have advised that they intend to oppose any action intended to be taken by Management as set forth in this Information Circular.

NOTICE-AND-ACCESS PROCESS

In accordance with the notice-and-access rules under National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer*, the Company has sent its proxy-related materials to registered holders and non-objecting beneficial owners using notice-and-access. Therefore, although Shareholders still receive a proxy or voting instruction form (as applicable) in paper copy, this Information Circular, the annual audited financial statements of the Company for its fiscal year ended August 31, 2018 and related management discussion and analysis on financial condition, are not physically delivered.

Instead, Shareholders may access these materials under the Company’s profile on SEDAR at www.sedar.com or at http://www.lithionenergycorp.com/s/AGM_Materials.asp.

Registered holders or beneficial owners may request paper copies of the Meeting materials be sent to them by postal delivery at no cost to them. Requests may be made up to one year from the date the meeting materials are posted on the website referenced above. In order to receive a paper copy of the Meeting materials or if you have questions concerning notice-and-access, please call toll free at 1-866-683-8030 or email spaine@kingandbay.com. **Requests for paper copies of the Meeting materials should be received by July 24, 2019 in order to receive the Meeting materials in advance of the Meeting.**

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the accompanying Instrument of Proxy are directors or officers of the Company and are nominees of Management. **A Shareholder has the right to appoint a person to attend and act for him/her on**

his/her behalf at the Meeting other than the persons named in the enclosed Instrument of Proxy. To exercise this right, a Shareholder should strike out the names of the persons named in the Instrument of Proxy and insert the name of his/her nominee in the blank space provided, or complete another proper form of Instrument of Proxy. The completed Instrument of Proxy should be deposited with the Company's Registrar and Transfer Agent, Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, at least 48 hours before the time of the Meeting or any adjournment thereof, excluding Saturdays, Sundays and holidays.

The Instrument of Proxy must be dated and be signed by the Shareholder or by his/her attorney in writing, or, if the Shareholder is a Company, it must either be under its common seal or signed by a duly authorized officer.

In addition to revocation in any other manner permitted by law, a Shareholder may revoke a Proxy either by (a) signing a Proxy bearing a later date and depositing it at the place and within the time aforesaid, or (b) signing and dating a written notice of revocation (in the same manner as the Instrument of Proxy is required to be executed as set out in the notes to the Instrument of Proxy) and either depositing it at the place and within the time aforesaid or with the Chairman of the Meeting on the day of the Meeting or on the day of any adjournment thereof, or (c) registering with the Scrutineer at the Meeting as a Shareholder present in person, whereupon such Proxy shall be deemed to have been revoked.

NON-REGISTERED HOLDERS OF COMPANY'S SHARES

Only Shareholders whose names appear in the Company's Central Securities Register (the "Registered Shareholders") or duly appointed proxyholders are permitted to vote at the Meeting. Shareholders who do not hold their common shares in their own name ("Beneficial Shareholders") are advised that only proxies from Shareholders of record can be recognized and voted at the Meeting. Beneficial Shareholders who complete and return an Instrument of Proxy must indicate thereon the person (usually a brokerage house) who holds their common shares as registered Shareholder. Every intermediary (broker) has its own mailing procedure, and provides its own return instructions, which should be carefully followed. The form of proxy supplied to Beneficial Shareholders is similar to that provided to Registered Shareholders. However, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. Management of the Company does not intend to pay for intermediaries to forward to objecting beneficial owners under National Instrument 54-101 the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary*, and in case of an objecting beneficial owner, the objecting beneficial owner will not receive the materials unless the objecting beneficial owner's intermediary assumes the cost of delivery.

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 such 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 agent of that broker. In Canada, the vast majority of such common shares are registered under the name of CDS & Co. (the registration for the Canadian Depository for Securities, which company acts as nominee for many Canadian brokerage firms). Common shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting shares for their clients. The directors and officers of the Company do not know for whose benefit the common shares registered in the name of CDS & Co. are held.

In accordance with National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Information Circular and the Instrument of Proxy to the clearing agencies and intermediaries for onward distribution. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings unless the Beneficial Shareholders have waived the right to receive meeting materials. Every intermediary/broker has its own mailing procedures and provides its own return instructions, 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 is identical to the Instrument of Proxy provided by the Company to the Registered Shareholders. However, its purpose is limited to instructing the Registered Shareholder how to vote on

behalf of the Beneficial Shareholder. Should a Beneficial Shareholder receive such a form and wish to vote at the Meeting, the Beneficial Shareholder should strike out the Management proxyholder's name in the form and insert the Beneficial Shareholder's name in the blank provided. The majority of brokers now delegate the responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and requests Beneficial Shareholders to return the proxy forms to Broadridge. Broadridge 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 receiving a proxy with a Broadridge sticker on it cannot use that proxy to vote common shares directly at the Meeting – the proxy must be returned to Broadridge well in advance of the Meeting in order to have the common shares voted.** All references to Shareholders in this Information Circular and the accompanying Instrument of Proxy and Notice of Meeting are to Shareholders of record unless specifically stated otherwise.

VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES

On any poll, the persons named in the enclosed Instrument of Proxy will vote the shares in respect of which they are appointed and, where directions are given by the Shareholder in respect of voting for or against any resolution, will do so in accordance with such direction.

If no choice is specified on the proxy with respect to a matter to be acted upon, the proxy confers discretionary authority with respect to the matter upon the proxyholder named on the Instrument of Proxy. In the absence of any direction in the Instrument of Proxy, it is intended that the proxyholder named by Management in the Instrument of Proxy will vote the shares represented by the proxy in favour of the motions proposed to be made at the Meeting as stated under the headings in this Information Circular. The Instrument of Proxy enclosed, when properly signed, confers discretionary authority with respect to amendments or variations to any matters which may properly be brought before the Meeting.

At the time of printing of this Information Circular, the Management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters which are not now known to the Management should properly come before the Meeting, the Proxies hereby solicited will be exercised on such matters in accordance with the best judgement of the nominee.

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

None of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors and as set out herein.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors of the Company (the "**Board**") has fixed **June 27, 2019** as the record date (the "**Record Date**") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Shares voted at the Meeting.

As of **June 21, 2019**, the Company had outstanding **40,303,565** fully paid and non-assessable voting common shares (the "**Shares**") without par value, each carrying the right to one vote. The quorum for a meeting of Shareholders is one shareholder present and being, or one shareholder represented by proxy, with such shareholder holding not less than one of the issued shares entitled to be voted at the Meeting.

To the knowledge of the directors and executive officers of the Company, only the following person beneficially owned, directly or indirectly, or exercised control or direction over, Shares carrying more than 10% of the voting rights attached to all outstanding Shares of the Company:

<u>Name</u>	<u>Number of Shares</u>	<u>Percentage of Outstanding Shares</u>
DG Resource Management Ltd.	4,133,723	10.25%
Warren Gilman	6,000,000	14.89%

FINANCIAL STATEMENTS

The comparative audited financial statements of the Company for the year ended August 31, 2018 and the report of the auditor thereof together with the management's discussion and analysis can be found under the Company's profile on www.sedar.com and will be presented to Shareholders at the Meeting.

VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast at the Meeting is required to approve the resolutions described herein. If there are more nominees for election as directors or appointment of the Company's auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

FIXING THE NUMBER OF DIRECTORS AND ELECTION OF DIRECTORS

Fixing the Number of Directors

The persons named in the enclosed Instrument of Proxy intend to vote in favour of the ordinary resolution fixing the number of directors on the board of directors of the Company (the “**Board of Directors**” or the “**Board**”) at three (3)

Election of Directors

Although Management is nominating three (3) individuals to stand for election, the names of further nominees for directors may come from the floor at the Meeting. Each director of the Company is elected annually and holds office until the next Annual General Meeting unless that person ceases to be a director before then. Management of the Company proposes to nominate the persons herein listed for election as directors of the Company to serve until their successors are elected or appointed. In the absence of instructions to the contrary, the Common Shares represented by proxy will, on a poll, be voted for the nominees herein listed. MANAGEMENT OF THE COMPANY DOES NOT CONTEMPLATE THAT ANY OF THE NOMINEES WILL BE UNABLE TO SERVE AS A DIRECTOR. IN THE EVENT THAT PRIOR TO THE MEETING ANY VACANCIES OCCUR IN THE SLATE OF NOMINEES HEREIN LISTED, IT IS INTENDED THAT DISCRETIONARY AUTHORITY SHALL BE EXERCISED BY MANAGEMENT TO VOTE THE PROXY ON ANY POLL FOR THE ELECTION OF ANY PERSON OR PERSONS AS DIRECTOR UNLESS THE SHAREHOLDER HAS SPECIFIED OTHERWISE IN THE PROXY. **UNLESS AUTHORITY TO DO SO IS WITHHELD, THE PERSONS NAMED IN THE ACCOMPANYING INSTRUMENT OF PROXY INTEND TO VOTE FOR THE ELECTION OF ALL OF THE NOMINEES.**

The following table sets out the names of the persons to be nominated for election as directors, the positions and offices which they presently hold with the Company, their respective principal occupations or employment during the past five years if such nominee is not presently an elected director and the number of Common Shares of the

Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular:

Name, Province or State and Country of Ordinary Residence of Nominee⁽²⁾ and Present Positions with the Company	Principal Occupation and, if not a Presently Elected Director, Occupation during the last Five Years⁽²⁾	Period from which Nominee has been a Director	Number of Common Shares Held⁽¹⁾
Warren Gilman Hong Kong Chairman & Director	Chairman and Chief Executive Officer of CEF Holdings Limited since 2011. Founder and Director of Queen's Road Central Capital Ltd. since 2019.	May 2, 2019	6,000,000
Alex Granger Hong Kong Chief Executive Officer & Director	Chief Executive Officer and Director of the Company from December 2010 to November 2016 and since May 2019.	May 2, 2019	1,911,576
John F. Anderson British Columbia	Practicing lawyer at Stikeman Elliott LLP since 1991.	N/A	Nil

- (1) Shares beneficially owned, directly and indirectly, or over which control or direction is exercised, at the date hereof, based upon the information furnished to the Company by individual directors and officers. Unless otherwise indicated, such Shares are held directly. These figures do not include Shares that may be acquired on the exercise of any share purchase warrants or stock options held by the respective directors or officers.
- (2) The information as to country of residence and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.

Pursuant to the applicable securities legislation, the Company is required to have an audit committee. The general function of the audit committee is to review the overall audit plan and the Company's system of internal controls, to review the results of the external audit, and to resolve any potential dispute with the Company's auditors.

The audit committee of the Company currently consists of Shawn Westcott, Jenna Hardy and Scott Eldridge, none of whom standing for re-election at the Meeting. The members of the audit committee of the Company will be all the members of the Board of Directors following the Meeting. Aside from the audit committee, there are no other standing committees of the Board of Directors.

PENALTIES AND SANCTIONS

Other than as set out above, no proposed director (including any personal holding company of a proposed director), is:

- (1) as at the date of the Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:
- (a) was the subject of a cease trade order (including a management cease trade order which applies to directors or executive officers), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued while such person was acting in the capacity as director, chief executive officer or chief financial officer; or

- (b) was subject to an order that was issued after such person 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 a director, chief executive officer or chief financial officer;
- (2) is, as at the date of this Information Circular, or has been within 10 years before the date of the Information 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;
- (3) has, within the 10 years before the date of this Information 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
- (4) has been subject to:
 - (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regular authority or has entered into a settlement agreement with a securities regulatory authority the disclosure of which would likely be important to a reasonable security holder in deciding whether to vote for a proposed director; or
 - (b) any other 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. No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the Company acting solely in such capacity.

CORPORATE GOVERNANCE DISCLOSURE

The Canadian Securities Administrators have introduced National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”) and National Policy 58-201 – *Corporate Governance Guidelines* (“NP 58-201”). The Company has reviewed its own corporate governance practices in light of the NP 58-201 guidelines. In certain cases, the Company’s practices comply with NP 58-201; however, the Board of Directors considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore certain guidelines have not been adopted.

Set out below is a description of certain corporate governance practices of the Company, as required by NI 58-101.

1. Board of Directors

The mandate of the Board is to supervise the management of the Company and to act in the best interests of the Company. The Board acts in accordance with:

- (a) the *Business Corporations Act* (British Columbia);
- (b) the Company's articles of incorporation;
- (c) the charters of the Board and the Board committees; and
- (d) other applicable laws and Company policies.

The Board approves all significant decisions that affect the Company before they are implemented. The Board supervises their implementation and reviews the results.

Of the Company’s proposed slate of three (3) directors, two (2) would be considered independent. The definition of independence used by the Board is that set out in National Instrument 52-110 – *Audit Committees* (“NI 52-110”). A director is independent if he has no direct or indirect “material relationship” with the Company. A “material relationship” is a relationship which could, in view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgement. Certain types of relationships are by their nature considered to be material relationships.

The Board has determined that Warren Gilman and, John F. Anderson are independent directors. Alex Granger is not independent because he is the Chief Executive Officer of the Company.

The Board is responsible for determining whether or not each director is an independent director. The President, CEO, CFO and Secretary and any other officer are not considered independent. None of the other directors work in the day-to-day operations of the Company, are party to any material contracts with the Company, or receive any fees from the Company except as disclosed in this Information Circular.

The Board is actively involved in the Company's strategic planning process. The Board discusses and reviews all materials relating to the strategic plan with management. The Board is responsible for reviewing and approving the strategic plan. At least one Board meeting each year is devoted to discussing and considering the strategic plan, which takes into account the risks and opportunities of the business. Management must seek the Board's approval for any transaction that would have a significant impact on the strategic plan.

The Board periodically reviews the Company's business and implementation of appropriate systems to manage any associated risks, communications with investors and the financial community and the integrity of the Company's internal control and management information systems. The Board also monitors the Company's compliance with its timely disclosure obligations and reviews material disclosure documents prior to distribution. The Board periodically discusses the systems of internal control with the Company's external auditor.

The Board is responsible for choosing the CEO and appointing senior management, and for monitoring their performance and developing descriptions of the positions for the Board, including the limits on management's responsibilities and the corporate objectives to be met by the management.

The Board approves all the Company's major communications, including annual and quarterly reports, financing documents and press releases. The Company communicates with its stakeholders through a number of channels, including its website.

The Board, through its Audit Committee, examines the Company's internal control processes and management information systems. The Board consults with the external auditor and management of the Company to ensure the integrity of these systems.

2. Directorships

The following table sets forth the proposed nominee directors of the Company who currently hold directorships on other reporting issuers:

<u>Name of Director</u>	<u>Name of Other Reporting Issuer</u>
Warren Gilman	NexGen Energy Ltd.
Alex Granger	None.
John F. Anderson	None.

3. Orientation and Continuing Education

The Company provides an orientation program to new directors. This program consists of providing education regarding directors’ responsibilities, corporate governance issues, the audit committee charter, and recent and

developing issues related to corporate governance and regulatory reporting. The Company also encourages senior management to participate in professional development programs and courses and supports management's commitment to training and developing employees. The Board provides comprehensive information regarding the Company to new directors and continuing education for directors on an ad hoc basis in respect of issues that are necessary for them to understand to meet their obligations as directors.

4. Ethical Business Conduct

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives. To date, the Board has not adopted a formal written Code of Business Conduct and Ethics. However, the current size of the Company's operations and the relatively small number of officers and employees allow the independent members of the Board to monitor on an ongoing basis the activities of management and to ensure that the highest standard of ethical conduct is maintained. As the Company grows in size and scope, the Board anticipates that it will formulate and implement a formal Code of Business Conduct and Ethics.

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

Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company.

If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

5. Nomination of Directors

The Company does not at this time have a specific committee responsible for the nomination of directors. The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the Company's CEO. Proposed directors' credentials are reviewed in advance of a Board meeting with one or more members of the Board prior to the proposed director's nomination.

6. Compensation

Details about the Company's compensation practices are disclosed in the section entitled "*Statement of Executive Compensation*" below.

7. Other Board Committees

The Company and the Board has no committees other than the Audit Committee.

8. Assessments

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

AUDIT COMMITTEE

The Audit Committee Charter

The Audit Committee's mandate and charter are described as follows:

1. Each member of the Audit Committee shall be a member of the Board, in good standing, and the majority of the members of the Audit Committee shall be independent in order to serve on this committee.
2. At least one of the members of the Audit Committee shall be financially literate.
3. Review the Audit Committee's charter annually, reassess the adequacy of this charter, and recommend any proposed changes to the Board. Consider changes that are necessary as a result of new laws or regulations.
4. The Audit Committee shall meet at least four times per year, and each time the Company proposes to issue a press release with its quarterly or annual earnings information. These meetings may be combined with regularly scheduled meetings, or more frequently as circumstances may require. The Audit Committee may ask members of the management or others to attend the meetings and provide pertinent information as necessary.
5. Conduct executive sessions with the outside auditors, outside counsel, and anyone else as desired by the Audit Committee.
6. The Audit Committee shall be authorized to hire outside counsel or other consultants as necessary (this may take place any time during the year).
7. Approve any non-audit services provided by the independent auditors, including tax services. Review and evaluate the performance of the independent auditors and review with the full Board any proposed discharge of the independent auditors.
8. Review with the management the policies and procedures with respect to officers' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the independent auditor.
9. Consider, with the management, the rationale for employing accounting firms rather than the principal independent auditors.
10. Inquire of the management and the independent auditors about significant risks or exposures facing the Company; assess the steps the management has taken or proposes to take to minimize such risks to the Company; and periodically review compliance with such steps.
11. Review with the independent auditor, the audit scope and plan of the independent auditors. Address the coordination of the audit efforts to assure the completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.

12. Inquire regarding the "quality of earnings" of the Company from a subjective as well as an objective standpoint.
13. Review with the independent accountants: (a) the adequacy of the Company's internal controls including computerized information systems controls and security; and (b) any related significant findings and recommendations of the independent auditors together with the Management's responses thereto.
14. Review with the management and the independent auditor the effect of any regulatory and accounting initiatives, as well as off-balance-sheet structures, if any.
15. Review with the management the annual financial reports before they are filed with the regulatory authorities.
16. Review with the independent auditor that performs an audit: (a) all critical accounting policies and practices used by the Company; and (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with the management of the Company, the ramifications of each alternative and the treatment preferred by the Company.
17. Review all material written communications between the independent auditors and the management.
18. Review with the management and the independent auditors: (a) the Company's annual financial statements and related footnotes; (b) the independent auditors' audit of the financial statements and their report thereon; (c) the independent auditor's judgments about the quality, not just the acceptability, of the Company's accounting principles as applied in its financial reporting; (d) any significant changes required in the independent auditors' audit plan; and (e) any serious difficulties or disputes with the management encountered during the audit.
19. Review the procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters that may be submitted by any party internal or external to the organization. Review any complaints that might have been received, current status, and resolution if one has been reached.
20. Review procedures for the confidential, anonymous submission by employees of the organization of concerns regarding questionable accounting or auditing matters. Review any submissions that have been received, the current status, and resolution if one has been reached.
21. The Audit Committee will perform such other functions as assigned by law, the Company's articles, or the Board.

Composition of the Audit Committee

The following are the current members of the Audit Committee:

Shawn Westcott	Not Independent ⁽¹⁾	Financially Literate ⁽¹⁾
Jenna Hardy	Independent ⁽¹⁾	Financially Literate ⁽¹⁾
Scott Eldridge	Independent ⁽¹⁾	Financially Literate ⁽¹⁾

⁽¹⁾ As defined by National Instrument 52-110 ("NI 52-110").

A member of the Audit Committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company.

None of the current members of the Audit Committee will be standing for re-election. The new Audit Committee members will be all of the members of the Board of Directors following the Meeting: Warren Gilman (Financially Literate and Independent), Alex Granger (Financially Literate and Not Independent) and John F. Anderson (Financially Literate and Independent).

Relevant Education and Experience

Each member of the existing and future Audit Committee has an understanding of the mineral exploration and mining business in which the Company is engaged and has an appreciation of the financial issues and accounting principles that are relevant in assessing the company's financial disclosures and internal control systems.

Existing Audit Committee

Shawn Westcott - Mr. Westcott has extensive experience in the finance industry, working with both resource companies and institutional and retail investors. Mr. Westcott was a licensed investment adviser at one of the major brokerage houses in Canada. Mr. Westcott has experience with reviewing financial statements and related management discussion and analysis, and discussing financial issues with management, accountants and auditors, and as a result, he possesses the understanding of accounting principles and the ability to analyze and evaluate the financial statements of the Company.

Jenna Hardy – Ms. Hardy has over 20 years of experience in the mining industry, consulting to both public and private companies. For the past 12 years, Ms. Hardy has been a Principal of Nimbus Management Ltd. For ten years prior to that she was Manager of Health, Safety & Environment for Pan American Silver Corp. Ms. Hardy has served as a member (including a long time as Chair of one of the committees) of Audit Committees for several public companies. Ms. Hardy has experience with reviewing financial statements and related management discussion and analysis, and discussing financial issues with management, accountants and auditors, and as a result, she possesses the understanding of accounting principles and the ability to analyze and evaluate the financial statements of the Company. Ms. Hardy has a B.Sc. in Geology and M.Sc. in Economic Geology both from the University of Toronto and an Executive M.B.A. from Simon Fraser University in British Columbia.

Scott Eldridge – Mr. Eldridge is an experienced professional in the financial industry focused on the resource sector. He is a co-founder and for the past 7 years has served as President & CEO of Euroscandic International Group Inc., a private company offering accounting and investment banking services to natural resource companies. Mr. Eldridge previously served as CFO of Amarillo Gold Corp. (TSX-V: AGC). Mr. Eldridge has experience with reviewing financial statements and related management discussion and analysis, and discussing financial issues with management, accountants and auditors, and as a result, he possesses the understanding of accounting principles and the ability to analyze and evaluate the financial statements of the Company. Mr. Eldridge has a B.B.A. from Capilano University and an M.B.A. from Central European University.

Future Audit Committee

Warren Gilman – Mr. Gilman, a mining engineer, has more than 30 years of experience as a deal maker in the metals and mining sector. He was a founder of the Canadian Imperial Bank of Commerce ("CIBC") Global Mining Team in Toronto in 1988. He subsequently led the team's efforts out of Australia and Hong Kong. During his time with CIBC, Mr. Gilman was responsible for some of the largest equity capital markets financings in Canadian mining history. From 2011, Mr. Gilman led CEF Holdings Ltd., a global mining investment company, owned 50% by CIBC and 50% by CK Hutchison Holdings Ltd. Through his significant prior involvement with mining issuers, Mr. Gilman has gained experience with reviewing financial statements and related management discussion and analysis, and discussing financial issues with management, accountants and auditors, and as a result, he possesses the understanding of accounting principles and the ability to analyze and evaluate the financial statements of the Company. Mr. Gilman obtained his B.Sc. in Mining Engineering at Queen's University and his MBA from the Ivey Business School at Western University.

Alex Granger – Mr. Granger is Chief Executive Officer of Lithion Energy Corp. and served, from 2010 to 2016, as Chief Executive Officer of Barisan Gold Corp., the predecessor company to Lithion Energy Corp. Alex has fifteen years of experience in the investment banking and capital market industry covering the metals and mining sector. Ten of those years were spent in the Asia Pacific region with CIBC covering companies based in East Asia and Australia. Through his significant prior involvement with mining issuers, Mr. Granger has experience with reviewing financial statements and related management discussion and analysis, and discussing financial issues with management, accountants and auditors, and as a result, he possesses the understanding of accounting principles and the ability to analyze and evaluate the financial statements of the Company. Mr. Granger holds a Bachelor of Commerce degree from McGill University.

John F. Anderson – Mr. Anderson is a partner practicing corporate and securities law with a focus on public M&A, and a general corporate practice that also involves private M&A, joint ventures, corporate finance/securities and corporate governance. John is a former member of the firm's national Partnership Board and former head of the Vancouver office's Corporate/Securities Group. John's primary expertise is in the mining, forestry and technology sectors. He has worked on many of the most significant BC-based transactions over the past 20 years, including such milestone transactions as the sale of MacMillan Bloedel to Weyerhaeuser, the sale of Westcoast Energy to Duke Energy and the sale of Terasen to Kinder Morgan. Through his significant prior involvement with mining issuers, Mr. Anderson has experience with reviewing financial statements and related management discussion and analysis, and discussing financial issues with management, accountants and auditors, and as a result, he possesses the understanding of accounting principles and the ability to analyze and evaluate the financial statements of the Company. Mr. Anderson holds a Bachelor of Commerce degree from Carleton University and a Bachelor of Law degree from the University of British Columbia.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor (currently, Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants, of Vancouver, British Columbia) not adopted by the Board.

Reliance on Certain Exemptions

During the most recently completed financial year, the Company has not relied on the exemptions contained in sections 2.4, 6.1.1(4), 6.1.1(5), 6.1.1(6) or under part 8 of NI 52-110.

Pre-Approval Policies and Procedures

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted. Subject to the requirements of National Instrument 52-110 *Audit Committees*, the engagement of non-audit services is considered by, as applicable, the Board and the Audit Committee, on a case by case basis.

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants, of Vancouver, British Columbia to the Company to ensure auditor independence. Fees incurred with Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants, of Vancouver, British Columbia for audit and non-audit services in the last two fiscal years for audit fees are outlined in the following table.

Nature of Services	Fees Paid to Auditor in Year ended August 31, 2018	Fees Paid to Auditor in the prior Fiscal Year
Audit Fees (1)	\$22,440	\$17,850
Audit-Related Fees (2)	Nil	Nil

Tax Fees (3)	Nil	Nil
All Other Fees (4)	Nil	Nil
Total	\$22,440	\$17,850

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include fees for services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

Exemption

The Company is relying on the exemption in section 6.1 of NI 52-110 with respect to compliance with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

APPOINTMENT OF AUDITOR

Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants, of Vancouver, British Columbia, will be nominated at the Meeting for reappointment as auditor of the Company at a remuneration to be fixed by the directors. Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants, of Vancouver, British Columbia was first appointed as auditor of the Company on August 15, 2012.

STATEMENT OF EXECUTIVE COMPENSATION

GENERAL

The following information is provided as required under Form 51-102F6V for Venture Issuers as such term is defined in National Instrument 51-102.

“**Named Executive Officer**”, or “**NEO**”, means each of the following individuals:

- (a) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer (“**CEO**”), including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief financial officer (“**CFO**”), including an individual performing functions similar to a CFO;
- (c) in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V, for that financial year;
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year.

The Compensation Discussion and Analysis section explains the compensation program for the fiscal year ended August 31, 2018 for the Company's Named Executive Officers (as that term is defined under applicable securities legislation).

DIRECTOR AND NEO COMPENSATION

Director and NEO Compensation, Excluding Options and Compensation Securities

The following table of compensation, excluding options and compensation securities, provides a summary of the compensation paid by the Company to each NEO and director of the Company for the two most recently completed financial years ended August 31, 2018 and August 31, 2017. Options and compensation securities are disclosed under the heading "Stock Options and Other Compensation Securities and Instruments" below.

Table of Compensation excluding Compensation Securities

Name and Principal position	Year ⁽¹⁾	Salary, consulting fee, retainer or commission (\$)⁽²⁾	Bonus (\$)⁽²⁾	Committee or meeting fees (\$)⁽²⁾	Value of Perquisites (\$)⁽²⁾	All other compensation (\$)⁽²⁾	Total compensation (\$)⁽²⁾
Shawn Westcott <i>President & Director</i>	2018	30,000 ⁽³⁾	Nil	Nil	Nil	Nil	30,000
	2017	15,000 ⁽³⁾	Nil	Nil	Nil	Nil	15,000
Darren Smith <i>VP of Exploration & Director</i>	2018	8,000 ⁽⁴⁾	Nil	Nil	Nil	Nil	8,000
	2017	4,000 ⁽⁴⁾	Nil	Nil	Nil	Nil	4,000
Karen Dyczkowski <i>CFO & Corporate Secretary</i>	2018	30,000 ⁽³⁾	Nil	Nil	Nil	Nil	30,000
	2017	15,000 ⁽³⁾	Nil	Nil	Nil	Nil	15,000
Jenna Hardy <i>Director</i>	2018	8,000 ⁽⁴⁾	Nil	Nil	Nil	Nil	8,000
	2017	4,000 ⁽⁴⁾	Nil	Nil	Nil	Nil	4,000
Scott Eldridge <i>Director</i>	2018	8,000 ⁽⁴⁾	Nil	Nil	Nil	Nil	8,000
	2017	4,000 ⁽⁴⁾	Nil	Nil	Nil	Nil	4,000

(1) Financial years ended August 31.

(2) All amounts shown were paid in Canadian currency, the reporting currency of the Company.

(3) Management fees which are paid to an NEO on a month-to-month basis as approved by the Board of Directors.

(4) Director fees which are paid to a director on a quarterly basis as approved by the Board of Directors.

Stock Options and Other Compensation Securities and Instruments

No compensation securities were granted or issued by the Company to any NEOs or directors of the Company for the financial year ended August 31, 2018, for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries:

The following table sets out the total amount of compensation securities, and underlying securities, held by each named executive officer or director on the last day of the most recently completed financial year end:

Name	Total Compensation Securities	Description of Underlying Securities
Shawn Westcott	410,000 stock options	410,000 common shares
Darren Smith	350,000 stock options	350,000 common shares
Karen Dyczkowski	390,000 stock options	390,000 common shares
Jenna Hardy	250,000 stock options	250,000 common shares
Scott Eldridge	250,000 stock options	250,000 common shares

No compensation securities were exercised by any NEOs or directors of the Company during the financial year ended August 31, 2018.

Stock Option Plan and Other Incentive Plans

The Company has no other incentive plans other than its stock option plan (the “**Plan**”). The Plan reserves for issuance a maximum of 10% of the Company’s common shares at the time of a grant of options under the Option Plan. The Option Plan is administered by the Board and provides for grants of non-transferable options under the Option Plan at the discretion of the Board to directors, senior officers, employees, management company employees of, or consultants to, the Company and its subsidiaries, or their permitted assigns (each an “**Eligible Person**”).

The Plan is a “rolling” stock option plan wherein:

- (a) directors, officers, employees and consultants of the Company, or to person engaged in investor relations activities on behalf of the Company or any of its subsidiaries are eligible to receive grants of options under the Plan;
- (b) a number of common shares shall not exceed ten (10%) percent of the issued and outstanding common shares in the capital stock of the Company at any given time are reserved for the issuance of stock options;
- (c) the exercise price of any options granted is determined by the Board in its sole discretion as of the date the Board grants the options, and shall not be less than the last closing price of the Company's common shares traded through the facilities of the Exchange prior to the grant of the options, less any discount permitted by the Exchange, or such other price as may be required by the Exchange;
- (d) options granted under the Plan are non-assignable and non-transferable and are issuable for a period of up to ten (10) years;
- (e) an optionee's options expire one year (or such other time, not to exceed one year, as shall be determined by the Board) after the date the optionee ceases to be eligible to receive options; and
- (f) notwithstanding the foregoing, if an optionee dies, any vested options held by him or her at the date of death will become exercisable by the optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such optionee and the date of expiration of the term otherwise applicable to such option.

Under the Plan, the number of common shares which may be reserved for issue: (i) to any one optionee who is an insider and any associates of such insider, shall not exceed 5% of the outstanding issue at any given time and for any 12 month period or (ii) to insiders (as a group) of an aggregate number of options exceeding 10% of the issued shares for any 12 month period, calculated at the date of an option is granted to an insider; and (ii) to all persons who undertake investor relations activities, shall not exceed 2% of the outstanding issue for any one consultant. "Outstanding issue" is determined on the basis of the number of common shares that are outstanding immediately prior to the common share issuance in question.

As at August 31, 2018, the Company had 28,175,233 common shares outstanding which means 2,817,523 common shares could be reserved for issuance upon the exercise of stock options. As at August 31, 2018, there was a total of 2,025,000 common shares reserved for the exercise of outstanding stock options.

The Plan is subject to yearly approval by the Company’s shareholders. The Option Plan was last approved by the Company’s shareholders on December 20, 2018.

Employment, Consulting and Management Agreements

The material terms of any employment, consulting and management agreements of the Company are described under the heading “Director and NEO Compensation, Excluding Options and Compensation Securities”. As of August 31, 2018, there were no provisions in any contract, agreement, plan or arrangement that provide for payments to a NEO or director at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control in the Company or a change in the NEO's responsibilities.

Oversight and Description of Director and NEO Compensation

During the financial year ended August 31, 2018, the Board of Directors of the Company did not have a compensation committee. The Board of Directors as a whole is responsible for determining all forms of compensation to be granted to the Named Executive Officers and the directors.

NEO Compensation

Compensation of Named Executive Officers and directors is determined based on discussion by the Board of Directors based on subjective factors, without any formal objectives, criteria or analysis. The Board of Directors does not have a pre-determined compensation plan and does not engage in benchmarking practices. The general objectives of the Company's compensation strategy are to (a) compensate management in a manner that encourages and rewards a high level of performance and results with a view to increasing long-term shareholder value; and (b) align management's interests with the long-term interests of shareholders.

The Board evaluates individual executive performance with the goal of setting compensation at levels that they believe are comparable with executives in other companies of similar size and stage of development operating in the same industry. In connection with setting appropriate levels of compensation, the Board base their decisions on their general business and industry knowledge and experience and publicly available information of comparable companies while also taking into account our relative performance and strategic goals.

The executive officer compensation consists of two basic elements: i) base salary; and ii) incentive stock options. The base salary established for each executive officer is intended to reflect each individual's responsibilities, experience, prior performance and other discretionary factors deemed relevant by the Board. In deciding on the salary portion of the compensation of the executive officers, major consideration is given to the fact that the Company is an early stage exploration company and does not generate any material revenue and must rely exclusively on funds raised from equity financing. Therefore, greater emphasis may be put on incentive stock option compensation. The incentive stock option portion of the compensation is designed to provide the executive officers of the Company with a long term incentive in developing the Company's business. Options granted under the Company's stock option plan are approved by the Board, and if applicable, its subcommittees, after consideration of the Company's overall performance and whether the Company has met targets set out by the executive officers in their strategic plan.

Director Compensation

Effective March 1, 2017, a director compensation program was put in place whereby the directors of the Company who are not Named Executive Officers receive annual director' fees, paid quarterly. During the year ended August 31, 2018, no stock options were granted to the directors of the Company who are not Named Executive Officers pursuant to the Company's incentive stock option plan.

Changes Subsequent to Year-End

There have been no significant changes made to the Company's compensation policies subsequent to the financial year ended August 31, 2018.

Pension

The Company does not have any form of pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement. The Company does not have any form of deferred compensation plan.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets out particulars of the compensation plans and individual compensation arrangements under which equity securities of the Company are authorized for issuance as of August 31, 2018.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders	2,025,000	0.16	792,523
Equity compensation plans <i>not</i> approved by securityholders	Nil	Nil	Nil
Total	2,025,000		792,523

⁽¹⁾ The Company has a “rolling” stock option plan that reserves 10% of the Company’s outstanding common shares from time to time for issuance as stock options.

There are no employment contracts between either the Company or its subsidiaries and the above-named executive officers other than disclosed herein or in the financial statements.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than as disclosed hereunder, no directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the end most recently completed financial year or as at the date hereof.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For purposes of the following discussion, "**Informed Person**" means (a) a Director or Executive Officer of the Company; (b) a Director or Executive Officer of a person or company that is itself an Informed Person or a subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company, other than the voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Except as disclosed below, elsewhere herein or in the Notes to the Company's financial statements for the financial year ended August 31, 2018, none of:

- (a) the Informed Persons of the Company;
- (b) the proposed nominees for election as a Director of the Company; or
- (c) any associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, in any transaction since the commencement of the last financial year of the Company or in a proposed transaction which has materially affected or would materially affect the Company or any subsidiary of the Company.

An informed person is one who generally speaking is a director or executive officer or a 10% shareholder of the Company. To the knowledge of management of the Company, no informed person or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries during the year ended August 31, 2018, or has any interest in any material transaction in the current year other than as set out herein.

MANAGEMENT CONTRACTS

On September 8, 2016, the Company entered into a Management Services Agreement with King & Bay West Management Corp. (“**King & Bay West**”) of Suite 1240, 1140 West Pender Street, Vancouver, British Columbia V6E 4G1, to provide services and facilities to the Company. King & Bay West is a private company which is owned by Mark Morabito of British Columbia. The following are the executive officers of King & Bay West, all of whom are residents of British Columbia, Canada: Mr. Mark Morabito, Chairman & CEO and Ms. Sheila Paine, Secretary. King & Bay West provides the Company with administrative and legal services. The fees for services are determined and allocated to the Company based on the cost or value of the services provided to the Company as determined by King & Bay West, and invoices the Company for such costs on a monthly basis.

During the financial year ended August 31, 2018, the Company incurred fees of \$19,266 (excluding taxes) to King & Bay West. Of this amount, \$17,469 was for King & Bay West personnel provided to the Company and \$1,797 was for overhead and third party costs incurred by King & Bay West on behalf of the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

Approval of Stock Option Plan

At the Meeting, Shareholders will be asked to consider, and if thought advisable, approve the Company’s stock option plan (the “**Plan**”) which was last approved by Shareholders at the Company’s annual and special meeting of Shareholders held December 20, 2018.

The Plan reserves for issuance a maximum of 10% of the common shares at the time of a grant of options under the Plan. The Plan is administered by the Board of Directors and provides for grants of non-transferable options under the Plan at the discretion of the Board of Directors to directors, senior officers, employees, management company employees of, or consultants to, the Company and its subsidiaries, or their permitted assigns.

The Plan is a “rolling” stock option plan wherein:

- (a) directors, officers, employees and consultants of the Company, or to person engaged in investor relations activities on behalf of the Company or any of its subsidiaries are eligible to receive grants of options under the Plan;
- (b) a number of common shares shall not exceed ten (10%) percent of the issued and outstanding common shares in the capital stock of the Company at any given time are reserved for the issuance of stock options;
- (c) the exercise price of any options granted is determined by the Board in its sole discretion as of the date the Board grants the options, and shall not be less than the last closing price of the Company's common

shares traded through the facilities of the Exchange prior to the grant of the options, less any discount permitted by the Exchange, or such other price as may be required by the Exchange;

(d) options granted under the Plan are non-assignable and non-transferable and are issuable for a period of up to ten (10) years;

(e) an optionee's options expire one year (or such other time, not to exceed one year, as shall be determined by the Board) after the date the optionee ceases to be eligible to receive options; and

(f) notwithstanding the foregoing, if an optionee dies, any vested options held by him or her at the date of death will become exercisable by the optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such optionee and the date of expiration of the term otherwise applicable to such option.

Under the Plan, the number of common shares which may be reserved for issue: (i) to any one optionee who is an insider and any associates of such insider, shall not exceed 5% of the outstanding issue at any given time and for any 12 month period or (ii) to insiders (as a group) of an aggregate number of options exceeding 10% of the issued shares for any 12 month period, calculated at the date of an option is granted to an insider; and (ii) to all persons who undertake investor relations activities, shall not exceed 2% of the outstanding issue for any one consultant. "Outstanding issue" is determined on the basis of the number of common shares that are outstanding immediately prior to the common share issuance in question.

The Company currently has 40,303,565 common shares outstanding which means 4,030,356 common shares could be reserved for issuance upon the exercise of stock options. As of the date of this circular, there is a total of 1,000,000 common shares reserved for the exercise of outstanding stock options.

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

“BE IT RESOLVED, as an Ordinary Resolution of the Shareholders of the Company, that:

1. Subject to regulatory approval, the 10% rolling stock option plan (the “**Plan**”) pursuant to which the directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the company 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, be and is hereby approved and ratified.
2. The Company be and is hereby authorized to grant stock options pursuant to and subject to the terms and conditions of the Plan entitling the option holders to purchase common shares of the Company.
3. Any one director or officer of the Company be and is hereby authorized to execute any and all documents as the director or officer deems necessary to give effect to the transactions contemplated in the Plan.”

The full text of the Plan will be available for review at the Meeting and may be obtained from the Company prior to the Meeting by sending a request in writing to the Company at Suite 1240, 1140 West Pender Street, Vancouver, British Columbia, V6E 4G1.

Management recommends that Shareholders vote in favour of the resolution to approve the Plan. **In the absence of contrary instruction, the persons named in the enclosed Instrument of Proxy intend to vote for the approval of the resolution to approve the Plan.**

ADDITIONAL INFORMATION

Additional information relating to the Company is included in the Company's audited comparative financial statements for the year ended August 31, 2018 and the prior fiscal year, the auditor's report and related management

discussion and analysis. Copies of such statements and the Company's most current interim financial statements and related management discussion and analysis, and additional copies of this proxy circular, may be obtained from SEDAR at www.sedar.com and upon request from the Company's Secretary at the address of the Company.

OTHER MATTERS

The Directors are not aware of any other matters which they anticipate will come before the Meeting as of the date of mailing of this Information Circular.

DATED: June 21, 2019.

BY ORDER OF THE BOARD OF DIRECTORS

"Warren Gilman"

**Warren Gilman
Chairman of the Board of Directors**