

## **CAPTIVA VERDE INDUSTRIES LTD.**

### **INFORMATION CIRCULAR**

as at August 2, 2016

*(except as otherwise indicated)*

**This Information Circular is furnished in connection with the solicitation of proxies by the management of Captiva Verde Industries Ltd. (the “Company”) for use at the annual general meeting (the “Meeting”) of its shareholders to be held on September 8, 2016 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.**

In this Information Circular, references to the “Company”, “we” and “our” refer to Captiva Verde Industries Ltd. “Common Shares” means common shares without par value in the capital of the Company. “Beneficial Shareholders” means shareholders who do not hold Common Shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

### **GENERAL PROXY INFORMATION**

#### **Solicitation of Proxies**

The solicitation of proxies will be primarily by mail but proxies may be solicited personally, or by telephone, by directors, officers, and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

#### **Appointment of Proxyholders**

The individuals named in the accompanying form of proxy (the “Proxy”) are officers and/or directors of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

#### **Voting by Proxyholder**

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

**In respect of a matter for which a choice is not specified in the Proxy, the management appointee acting as a proxyholder will vote in favour of each matter identified on the Proxy and, if applicable, for the nominees of management for directors and auditors as identified in the Proxy.**

### **Registered Shareholders**

Registered shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. A registered shareholder may submit a proxy using one of the following methods:

- (a) complete, date and sign the Proxy and return it to the Company's transfer agent, Computershare Trust Company of Canada ("Computershare"), by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail or hand delivery to the 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; or
- (b) use a touch-tone phone to transmit voting choices to the toll free number given in the proxy. Registered shareholders who choose this option must follow the instructions of the voice response system and refer to the enclosed proxy form for the toll free number, the holder's account number and the proxy access number; or
- (c) log on to Computershare's website at, [www.investorvote.com](http://www.investorvote.com). Registered shareholders must follow the instructions provided on the website and refer to the enclosed proxy form for the holder's account number and the proxy access number.

In either case you must ensure the proxy is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment thereof. Failure to complete or deposit a proxy properly may result in its invalidation. The time limit for the deposit of proxies may be waived by the Company's board of directors ("Board") at its discretion without notice.

### **Beneficial Shareholders**

**The following information is of significant importance to shareholders who do not hold Common Shares in their own name.** Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of Common Shares) or as set out in the following disclosure.

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the names of intermediaries. In Canada the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms), and in the United States, under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

There are two kinds of Beneficial Shareholders: Objecting Beneficial Owners ("OBOs") object to their name being made known to the issuers of securities which they own; and Non-Objecting Beneficial Owners ("NOBOs") who do not object to the issuers of the securities they own knowing who they are.

Beneficial Shareholders who are OBOs should follow the instructions of their intermediary carefully to ensure that their Common Shares are voted at the Meeting.

The proxy form supplied to you by your broker will be similar to the proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to

vote your Common Shares on your behalf. Most brokers delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”) in Canada and in the United States. Broadridge mails a VIF in lieu of the proxy provided by the Company. The VIF will name the same persons as the Company’s Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), who is different from any of the persons designated in the VIF, to represent your Common Shares at the Meeting and that person may be you. To exercise this right, insert the name of the desired representative, which may be you, in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge in accordance with Broadridge’s instructions. 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 and the appointment of any shareholder’s representative. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted or to have an alternate representative duly appointed to attend the Meeting and vote your Common Shares at the Meeting.**

### **Notice to Shareholders in the United States**

The solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States *Securities Exchange Act of 1934*, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company was continued under the *Business Corporations Act* (British Columbia) (the “BCA”), as amended, certain of its directors and its executive officers are residents of Canada and a substantial portion of the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

### **Revocation of Proxies**

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it using one of the following methods:

- (a) execute a proxy bearing a later date or execute a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder’s authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare or at the address of the registered office of the Company at 1055 West Georgia Street, Suite 1500, PO Box 11117, Vancouver, British Columbia, V6E 4N7, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (b) attend the Meeting in person and vote the registered shareholder’s Common Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

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

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year of the Company, nor any 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 may be set out herein.

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

The board of directors (the “Board”) of the Company has fixed August 2, 2016 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 Common Shares voted at the Meeting.

As of the Record Date, there were 60,648,231 Common Shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares.

To the knowledge of the directors and executive officers of the Company, the only persons or corporations that beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company as at August 2, 2016, is:

Shareholder Name	Number of Common Shares Held	Percentage of Issued Common Shares
Cross River Partners, L.P. <sup>(1)</sup>	8,241,714 <sup>(2)</sup>	14.33%

Notes:

- (1) Cross River Partners, L.P. is the limited partner of Cross River Management, LLC. Cross River Management, LLC owns 952,381 common shares indirectly.
- (2) The above information was supplied to the Company from the insider reports available at [www.sedi.ca](http://www.sedi.ca) and is reported on an undiluted basis.

The following documents filed with the securities commissions or similar regulatory authority in British Columbia and Alberta are specifically incorporated by reference into, and form an integral part of, this information circular:

- Annual Financial Statements for the year ended December 31, 2015
- Audit Committee Charter
- Stock Option Plan dated for reference January 1, 2013

Copies of documents incorporated herein by reference may be obtained by a Shareholder upon request without charge from the Company in writing at Suite 201, 78080 Calle Amigo, La Quinta, California, 92253, or by telephone at (760) 771-3333. These documents are also available through the Internet on SEDAR, which can be accessed at [www.sedar.com](http://www.sedar.com). Specifically, the Annual Financial Statements were filed under the Company’s SEDAR profile on April 29, 2016. The Audit Committee Charter and the Stock Option Plan were filed with the Company’s amended management information circular filed on SEDAR on February 25, 2013.

## VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast at the Meeting is required to pass 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.

## ELECTION OF DIRECTORS

The size of the Board of the Company was determined at four (4) at the annual general meeting in 2015. Pursuant to section 14.8 of the Company's Articles, the Board appointed an additional director between annual general meetings. The Board considers it in the Company's best interest to appoint a further director at the Meeting. Shareholders will therefore be asked to approve an ordinary resolution that the number of directors elected be set at six (6).

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the BCA, each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

The following disclosure sets out the names of management's nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment (for the five preceding years for new director nominees), the period of time during which each has been a director of the Company and the number of Common Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the Record Date.

<b>Name of Nominee; Current Position with the Company and Province or State and Country of Residence</b>	<b>Period as a Director of the Company</b>	<b>Common Shares Beneficially Owned or Controlled<sup>(1)</sup></b>
<b>Jeff Ciachurski</b> , CEO and director Coquitlam, BC, Canada	September 9, 2013	1,726,500 <sup>(4)</sup>
<b>Mike Boyd</b> , director <sup>(2)(3)</sup> Tucson, AZ, USA	September 9, 2013	365,000 <sup>(5)</sup>
<b>Ross Drysdale</b> , Chairman and director <sup>(2)(3)</sup> Calgary, AB, Canada	March 1, 1994	901,250 <sup>(6)</sup>
<b>Noorudin Jiwani</b> , director <sup>(2)(3)</sup> Edmonton, AB, Canada	January 25, 2016	Nil <sup>(7)</sup>
<b>Grant Woods</b> , director Phoenix, AZ, USA	January 25, 2016	Nil <sup>(8)</sup>

**Notes:**

- (1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation and Governance Committee.
- (4) Mr. Ciachurski also holds an aggregate of 700,000 options to purchase 700,000 common shares at \$0.30 until January 22, 2019.

- (5) Mr. Boyd holds 750,000 options to purchase 750,000 common shares at \$0.30 until January 22, 2019.
- (6) Mr. Drysdale also holds 150,000 options to purchase 150,000 common shares at \$0.30 until January 22, 2019 and 500,000 options to purchase 500,000 common shares at \$0.37 until March 15, 2021.
- (7) Mr. Jiwani holds 1,000,000 options to purchase 1,000,000 common shares at \$0.50 until January 25, 2021.
- (8) Mr. Wood holds 1,000,000 options to purchase 1,000,000 common shares at \$0.50 until January 25, 2021.

None of the proposed nominees for election as a director of the Company are proposed for election pursuant to any arrangement or understanding between the nominee and any other person, except the directors and senior officers of the Company acting solely in such capacity.

A shareholder can vote for all of the above nominees, vote for some of the above nominees and withhold for other of the above nominees, or withhold for all of the above nominees. **Unless otherwise instructed, the named proxyholders will vote FOR the election of each of the proposed nominees set forth above as directors of the Company.**

### **Cease Trade Orders and Bankruptcy**

Ross Drysdale was a director of Solara Exploration Ltd. (“Solara”) from June, 2012 to December, 2012. Mr. Drysdale resigned as a director of Solara in December, 2012, before the court ordered the appointment of a receiver for Solara in December, 2012.

Mr. Drysdale was a director of Anterra Energy Inc. from April, 2007 to March, 2016. Mr. Drysdale resigned as a director of the company on March 23, 2016 and on May 26, 2016, the Alberta Securities Commission issued a ceased trade order against the company for failure to file its annual financial statements. On the same date, the company obtained creditor protection under the *Companies’ Creditors’ Arrangement Act* (Canada).

Except as described above, within the last 10 years before the date of this Information Circular no proposed nominee for election as a director of the Company was a director or executive officer of any company (including the Company in respect of which this Information Circular is prepared) acted in that capacity for a company that was:

- (a) subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days;
- (b) subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under the securities legislation, for a period of more than 30 consecutive days;
- (c) 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 has 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;
- (d) subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

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

### **Occupation, Business or Employment of Director Nominees**

#### **Jeff Ciachurski**

Mr. Ciachurski has been CEO of the Company since September, 2013 and was the Chairman from September, 2013 until January 25, 2016. He has also been the CEO of Greenbriar Capital Corp. since May 2009. Mr. Ciachurski is the founder and former CEO of Western Wind Energy Corp. from January, 1998 to March, 2013.

#### **Mike Boyd**

Mr. Boyd was the Chairman and a director of Western Wind Energy Corp. from May, 2003 to March, 2013 and was the Chairman of the Pima County, Tucson, Arizona Board of Supervisors from 1992 to 2000. He was the commissioner of the Central Arizona Project, the largest electrical energy user in the State of Arizona from 2002 to 2008. Mr. Boyd is also a director of Greenbriar Capital Corp.

#### **Ross Drysdale**

Mr. Drysdale is the current Chairman of the Company. He is a lawyer with over 40 years of experience in the legal profession and specializes in corporate, securities and business law, with a particular focus on public companies. Prior to moving to private practice in 1985, Mr. Drysdale spent over 8 years as legal counsel to two major oil and gas companies in Calgary, followed by 17 years with McCarthy Tetrault LLP and two and one-half years with Baker McKenzie LLP in Calgary.

#### **Noorudin Jiwani**

Mr. Jiwani is the President and owner of Aliya's Foods Limited which he co-founded with his wife Anis in 2000. This large family operated Company has grown in 15 years from a start up to an internationally recognized multi-million-dollar food corporation. Mr. Jiwani is actively involved in a number of community based organizations and has served two terms as a member on the Board of the Alberta Food Processors Association. Mr. Jiwani is one of the 10 founding members of the CEO Club in Edmonton made up of Executives from the Food Industries. Mr. Jiwani is also a volunteer with the World Partnership Walk, raising funds from corporate and individual donors in support of international development programs.

#### **Grant Woods**

Mr. Woods is one of Arizona's most legendary, acclaimed and successful lawyers. He has obtained for clients, record jury verdicts and settlements in the toughest of cases. Grant Woods is who other lawyers call with their big cases. Grant was the Attorney General for Arizona from 1991-1999 and has been a political and community leader for more than 30 years. He was also Chief of Staff for John McCain.

#### **Hon. Jerry S. Grafstein, Q.C.**

Mr. Grafstein holds degrees from University of Toronto Law School and has taught the Bar Admission Course at Osgoode Hall. He has wide-ranging legal and business experience in all aspects of media. Mr. Grafstein was a co-founder of a range of media companies, focusing on broadcasting, cable, communications, film production and publication enterprises in Canada, the USA, the UK, and South America. Mr. Grafstein recently cofounded on-line news sites from Canada, USA, Brazil, China, Russia, Africa, UK, Europe and the Mideast including a site from Hollywood and a fashion site. He advised

several key government ministries, including Transportation, External Affairs, Consumer and Corporate Affairs and Justice.

Mr. Grafstein served in the Senate of Canada from 1984 through 2010. Mr. Grafstein served on all Senate Committees, including the Agriculture and Forestry, Foreign Affairs and the Legal and Constitutional Affairs Committees. He served as Chairman of the Senate Banking, Trade and Commerce Committee. While in the Senate, he was a long serving Co-Chair of the Canada-United States Inter-Parliamentary Group, and a long serving senior officer of the Organization for Security and Co-Operation in Europe Parliamentary Assembly (OSCE PA). He continues his law practice in corporate finance and communication law and as counsel emeritus to Minden Gross LLP in Toronto and remains active in the local affairs in Toronto. He now devotes most of his business time to tech start-ups in Canada, U.S.A. and South America.

### **APPOINTMENT OF AUDITOR**

MNP LLP, Chartered Accountants, 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. MNP LLP was first appointed auditor of the Company on October 6, 2006.

### **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

National Instrument 52-110 “Audit Committees” (“NI 52-110”) requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor. Further, under Canadian Securities Exchange (“CSE”) policy, the Company must have an audit committee comprised of at least three directors, the majority of whom are not officers, employees or control persons of the Company. Such disclosure is set forth below.

#### **The Audit Committee’s Charter**

The Audit Committee has a charter. A copy of the audit committee charter is attached to the Company’s information circular dated January 21, 2013 and filed on SEDAR on February 25, 2013.

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

The members of the Audit Committee are Ross Drysdale, Mike Boyd and Noorudin Jiwani. Ross Drysdale provides legal services to the Company and is therefore not considered to be independent and Mike Boyd received consulting fees as more particularly described in the section entitled “Interest of Informed Persons in Material Transaction”. All members of the Audit Committee are considered to be financially literate.

#### **Relevant Education and Experience**

Each member of the audit committee has:

- an understanding of the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- experience analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements; and
- an understanding of internal controls and procedures for financial reporting.



### **Audit Committee Oversight**

The Audit Committee has not made any recommendations to the Board to nominate or compensate any auditor other than MNP LLP.

### **Reliance on Certain Exemptions**

The Company's auditor, MNP LLP has not provided any material non-audit services.

### **Pre-Approval Policies and Procedures**

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

### **External Auditor Service Fees**

On September 5, 2014, the Company changed its financial year end from September 30th to December 31st. To facilitate the change of year-end, the Company reported a one time, 15-month transition year covering the period of October 1, 2013 to December 31, 2014.

The Audit Committee has reviewed the nature and amount of the non-audited services provided by MNP LLP to the Company to ensure auditor independence. Fees incurred with MNP LLP for audit and non-audit services in the last two fiscal years for audit fees are outlined in the following table:

<b>Nature of Services</b>	<b>Fees Paid to Auditor in Year Ended December 31, 2015</b>	<b>Fees Paid to Auditor in Year Ended December 31, 2014</b>
Audit Fees <sup>(1)</sup>	\$76,406	\$30,000
Audit-Related Fees <sup>(2)</sup>	\$3,800	\$2,100
Tax Fees <sup>(3)</sup>	\$14,380	\$6,000
All Other Fees <sup>(4)</sup>	\$Nil	\$Nil
<b>Total</b>	<b>\$94,586</b>	<b>\$38,100</b>

Notes:

- (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 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.

The Company is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its audit committee and in respect of its reporting obligations under NI 52-110 for the year ended December 31, 2015. This exemption exempts a "venture issuer" from the requirement to have 100% of the members of its audit committee independent, as would otherwise be required by NI 52-110.

## CORPORATE GOVERNANCE

### General

Corporate governance refers to the policies and structure of the board of directors of a company, whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices, as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

### Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment.

The Board facilitates its independent supervision over management by holding regular meetings at which members of management or non-independent directors are not in attendance and by retaining independent consultants where it deems necessary.

The independent members of the Board are Mike Boyd, Noorudin Jiwani and Grant Woods.

The non-independent directors are Jeff Ciachurski as he is the Chief Executive Officer of the Company and Ross Drysdale as he is the current Chairman and provides legal services to the Company.

### Directorships

The directors are currently serving on boards of the following other reporting companies (or equivalent) as set out below:

<b>Name of Director</b>	<b>Name of Reporting Issuer</b>	<b>Exchange Listed</b>
Jeff Ciachurski	Greenbriar Capital Corp.	TSX-V
Mike Boyd	Greenbriar Capital Corp.	TSX-V

### Orientation and Continuing Education

The Company does not have a formal orientation and continuing education program. However, the Company ensures that new board members are properly trained and oriented, as part of the Board of Directors' overall stewardship responsibility. The role of the directors is to oversee the conduct of the Company's business and to direct and supervise management in the day-to-day conduct of the business. The directors discharge the following responsibilities as part of their overall stewardship responsibility:

- a) Adoption of a strategic planning process;
- b) The identification of the principal risks of the Company's business and the employment of appropriate systems to manage the risks;
- c) Succession planning, including appointing, training and monitoring senior management;
- d) Oversee the Company's public communications policies and their implementation, including disclosure of material information, investor relations and shareholder communications; and

- e) Monitor and assess the scope, implementation and integrity of the Company's internal information, audit and control systems.

### **Ethical Business Conduct**

The directors encourage and promote a culture of ethical business conduct through communication and supervision as part of their overall stewardship responsibility. In addition, the Company has a Whistleblower Policy which addresses the Company's continuing commitment to integrity and ethical behaviour. The Whistleblower Policy establishes procedures that allow employees of the Company to confidentially and anonymously submit their concerns to the Chair of the Audit Committee of the Company's Board of Directors regarding questionable ethical, moral, accounting, internal accounting controls, or auditing matters, without fear of retaliation. The Whistleblower Policy has been in place since September 2005 and is available for review at the head office of the Company during business hours.

### **Nomination of Directors**

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

### **Compensation**

The Company currently has a Compensation and Governance Committee which is responsible for setting compensation paid to directors and executive officers, establishing and reviewing incentive plans for the directors, officers and employees and providing guidance to the Company on corporate governance matters. The Compensation and Governance Committee is composed of three directors, two of whom are independent directors as defined in NI 52-110. The current members are Mike Boyd (Chairman), Ross Drysdale, and Noorudin Jiwni. Ross Drysdale is the Chairman of the Company and provides legal services and is therefore not considered to be independent. The process of determining compensation for directors and officers includes reviewing and approving appropriate practices for determining and establishing compensation for the directors of the Company to ensure it reflects the responsibilities and risks of being a director of a public company. The Compensation and Governance Committee's mandate includes developing appropriate compensation policies for the senior management and directors of the Company, including the Company's incentive stock option plan, and evaluating senior management. These responsibilities include reporting and making recommendations to the Board of Directors for its consideration and approval. The Compensation Committee meets at least annually to fulfil its mandate.

### **Other Board Committees**

The Board of Directors has formally appointed two (2) committees, the Audit and Reserves Committee and the Compensation and Governance Committee. The Board of Directors does not have any other committees in place at this time. The Board of Directors had developed the mandate of each committee and reviews such mandates annually. The Board of Directors reviews the recommendations of all its committees, and decides on whether and how to implement such recommendations.

### **Assessment of Directors, the Board of Directors and Board Committees**

The Directors conduct an annual evaluation of the performance and effectiveness of each board member and of the board and each of its committees as a whole.

## STATEMENT OF EXECUTIVE COMPENSATION

### Named Executive Officer

In this section “Named Executive Officer” (an “NEO”) means the Chief Executive Officer (the “CEO”), the Chief Financial Officer (the “CFO”) and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total compensation was more than \$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Company at the end of the most recently completed financial year.

Jeff Ciachurski, Chief Executive Officer and former Chairman, Christopher Thompson, former Chief Financial Officer, Morris Perlis, former Chairman, David Pratt, former Chief Operating Officer, are each an NEO of the Company for the purposes of the following disclosure.

### Compensation Discussion and Analysis

In assessing the compensation of its executive officers, the Company does not have in place any formal objectives, criteria or analysis; instead, it relies mainly on discussions between the Compensation and Governance Committee (the “Compensation Committee”) and the Board of Directors. The Compensation Committee is currently comprised of Mike Boyd, Chairman, Ross Drysdale, and Noorudin Jiwani two of whom are independent directors of the Company. Ross Drysdale is the Chairman and also provides legal services to the Company and is therefore not considered to be independent. The Compensation Committee reviews all proposed agreements between executives and the Company and provides recommendations to the Board of Directors. Members of the Compensation Committee are not eligible to participate in any of the Company’s executive compensation and benefit programs other than the Company’s Option Plan. All of the members of the Compensation Committee are eligible to receive stock options and all currently hold stock options under the Company’s Option Plan. The Compensation Committee determines the total compensation of the President and the other executive officers of the Company.

Meetings of the Compensation Committee are held periodically to review compensation policies and to consider the overall compensation to be paid by the Company to its employees, executive officers and directors. Following review of data and discussion by members of the Compensation Committee, recommendations are made to the Board of Directors. In all cases, the directors have acted upon committee recommendations without modification in any material way.

Jeff Ciachurski as former Chairman and Chief Executive Officer of the Company, provides the Compensation Committee compensation recommendations for each of the executives and employees, other than himself on an annual basis. In making compensation recommendations, Mr. Ciachurski considers each executive’s performance and other relevant factors, including the scope of each executive’s position and responsibilities, the achievement of corporate goals, the current business environment and anticipated changes and executive retention and recruitment considerations. Mr. Ciachurski regularly attends meetings of the Compensation Committee but is not a member of the Compensation Committee and does not vote on Compensation Committee matters. Mr. Ciachurski is not present for certain portions of the Compensation Committee meetings, such as when the Compensation Committee holds executive sessions or discusses the performance or individual compensation of Mr. Ciachurski.

The Company’s executive compensation program has three principal components: base salary, incentive bonus plan and stock options.

### Philosophy and Objectives

The Company is a small agricultural company with limited resources. The compensation program for the senior management of the Company is designed within this context with a view that the level and form of compensation achieves certain objectives, including:

- (a) attracting and retaining qualified executives;
- (b) motivating the short and long-term performance of these executives; and
- (c) better aligning their interests with those of the Company's shareholders.

In compensating its senior management, the Company has employed a combination of base salary and equity participation through its stock option plan. Recommendations for senior management compensation are presented to the Board for review.

### Base Compensation

The base compensation (includes both salary and consulting fees) element is designed to establish a target compensation level of fixed income based on the market value of each position. Additionally, the base compensation is the metric upon which bonus and severance compensation is based. In establishing base compensation, the Compensation Committee reviews general market salary levels for individuals in positions with similar responsibilities and experience. Generally, the Compensation Committee targets base compensation at levels approximating those holding similar positions in comparably sized companies in the industry and hopes to achieve targeted total compensation levels through the fixed and variable components. Comparable companies are chosen based on their being in the industry and having a comparable asset base and/or revenues in a particular financial year. Comparable positions are identified based on publicly available information on such companies. The Compensation Committee reviews base compensation annually and makes adjustments as reasonably necessary to allow base compensation to continue to serve its purposes as a retention device and as building block for other cash compensation.

### Bonus Incentive Compensation

Incentive bonuses, in the form of cash payments, are designed to add a variable component of compensation based on corporate and individual performance for executive officers. The bonus plan is designed to provide an incentive to the Named Executive Officers to achieve and exceed goals relating to overall corporate and individual performance. The Compensation Committee reviews and approves incentive bonuses annually.

### Equity Participation

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's stock option plan. Stock options are granted to executives, consultants and employees taking into account a number of factors, including the amount and term of options previously granted, base compensation and bonuses and competitive factors. The amounts and terms of options granted are determined by the Board based on recommendations put forward by the CEO. Due to the Company's limited financial resources, the Company emphasises the provisions of option grants to maintain executive motivation.

### Actions, Decisions or Policies Made After December 31, 2015

Given the evolving nature of the Company's business, the Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

### **Option-Based Awards**

The Company has a stock option plan in place, which was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. Management proposes stock option grants to the board of directors based on such criteria as performance, previous grants, and hiring incentives. All grants require approval of the board of directors. The stock option plan is administered by the directors of the Company and provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company.

### **Summary Compensation Table**

The compensation paid to the NEOs during the Company's three most recently completed financial years ended December 31, 2015, December 31, 2014 and September 31, 2013 is as set out below and expressed in Canadian dollars unless otherwise noted:

Name and Principal Position	Year	Base Compensation (\$)	Share-Based Awards (\$) <sup>(1)</sup>	Option-Based Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation		Pension Value (\$) <sup>(8)</sup>	All Other Compensation (\$) <sup>(9)(10)</sup>	Total Compensation (\$)
					Annual Incentive Plan	Long-Term Incentive Plan <sup>(7)</sup>			
Jeff Ciachurski <sup>(3)</sup> Chief Executive Officer and former Chairman	2015	116,933	Nil	Nil	Nil	Nil	Nil	Nil	116,933
	2014	87,007	Nil	208,736	Nil	Nil	Nil	Nil	295,743
	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Chris Thompson <sup>(4)</sup> Former Chief Financial Officer	2015	134,332	Nil	279,495	Nil	Nil	Nil	Nil	413,827
	2014	53,500	Nil	Nil	Nil	Nil	Nil	Nil	53,500
	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Brian McCabe <sup>(5)</sup> Former Chief Financial Officer	2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2014	80,500	Nil	44,729	Nil	Nil	Nil	Nil	125,229
	2013	56,500	Nil	Nil	Nil	Nil	Nil	48,000	104,500
David Pratt <sup>(11)</sup> Former Chief Operations Officer	2015	239,831	Nil	275,471	Nil	Nil	Nil	Nil	515,302
	2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- The Company does not have a share-based awards plan.
- The value of the option-based awards was determined using the Black-Scholes option pricing model which included assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's Common Shares and expected life of the options. See "Incentive Plan Awards – Outstanding Share-based Awards and Option-based Awards" below.
- Jeff Ciachurski was appointed Chairman and Chief Executive Officer on September 10, 2013. Pursuant to a consulting agreement effective January 1, 2014, Mr. Ciachurski earned a consulting fee of US\$6,250 per month. He resigned as Chairman effective October 28, 2015.

4. Pursuant to an agreement with TCC Consulting Ltd., dated June 1, 2014, TCC Consulting Ltd., a private company wholly-owned by Chris Thompson, was paid a consulting fee of US\$6,250 per month and reimbursed for expenses. Mr. Thompson was appointed Chief Financial Officer on August 29, 2014 and was terminated effective January 25, 2016.
5. Brian McCabe was appointed Chief Financial Officer on May 1, 2009, and resigned as an employee on February 28, 2013. He continued as Chief Financial Officer after his resignation as an employee and was compensated by consulting fees until his resignation as CFO on August 29, 2014. He has continued as the Company's Financial Controller and is being compensated by consulting fees.
6. The Company does not have a Long Term Compensation Plan nor does it have an Annual Incentive Plan.
7. The Company does not have a Pension Plan.
8. Includes compensation for automobile allowance, special bonuses, severance payments, consulting fees, and other benefits.
9. Perquisites and other personal benefits do not exceed the lesser of \$50,000 or 10% of the total of the annual salary and bonus for either of the Named Executive Officers.
10. David Pratt was appointed Chief Operating Officer on January 1 2015. Pursuant to a consulting agreement effective January 1, 2015, Mr. Pratt earned a consulting fee of US\$13,333 per month and reimbursed for expenses. He was terminated as Chief Operating Officer effective February 6, 2016.

## Incentive Plan Awards

### Outstanding Share-based Awards and Option-based Awards

The following table sets out all option-based awards and share-based awards outstanding as at December 31, 2015, for each NEO:

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 (\$)
Jeff Ciachurski Chief Executive Officer and Former Chairman	700,000	0.30	January 22, 2019	280,000	Nil	Nil	Nil
Chris Thompson Former Chief Financial Officer	750,000	0.38	August 16, 2020	240,000	Nil	Nil	Nil
Brian McCabe Former Chief Financial Officer	150,000	0.30	January 22, 2019	60,000	Nil	Nil	Nil
David Pratt Former Chief Operating Officer	500,000	0.56	October 27, 2020	70,000	Nil	Nil	Nil

Note:

- (1) This amount is calculated based on the difference between the market value of the securities underlying the options on December 31, 2015, which was CDN\$0.70, and the exercise or base price of the option.

### Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out the value vested or earned under incentive plans during the year ended December 31, 2015, for each NEO:

Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Jeff Ciachurski Chief Executive Officer and Former Chairman	Nil	N/A	N/A
Chris Thompson Former Chief Financial Officer	279,495	N/A	N/A
Brian McCabe Former Chief Financial Officer	Nil	N/A	N/A
David Pratt Former Chief Operating Officer	275,471	N/A	N/A

Note:

- (1) These amounts represent the aggregate dollar value that would have been realized had the options under the option-based award been exercised on the vesting date.

See *Securities Authorized under Equity Compensation Plans* for further information on the Company's Share Option Plan.

### **Pension Plan Benefits**

The Company does not have a pension plan and does not pay pension benefits to any of its NEOs.

### **Employment Contracts, Termination and Change of Control Benefits**

The Company has consulting agreements with the CEO which provide for the payment of specified amounts upon a "Change of Control" of Captiva. "Change of Control" is defined as an acquisition or other transaction that results in another corporation, business entity or person gaining more than fifty percent (50%) of the issued capital (having rights under all circumstances) of the Company.

The amount payable to Mr. Ciachurski is \$300,000 upon Change of Control if he elects to terminate his contract within sixty (60) days of the Change of Control.

In addition, all outstanding options vest fully upon the occurrence of a Change of Control and Mr. Ciachurski has the right to receive all earned but unissued earn-out shares.

### **Director Compensation**

The Company does not currently compensate directors of the Company for their services in their capacity as directors, except for the granting from time to time of options in accordance with the Option Plan, the payment of directors fees to directors who dedicate substantial time to the management of the Company and the reimbursement of reasonable expenses incurred by them while acting in their capacity as directors. The Company has purchased, at its expense, a directors' and officers' liability insurance policy. This covers the directors and officers of the Company against liability incurred by them in their capacities as directors and officers of the Company. The directors do not currently receive any compensation for their services including directors' fees and reasonable expenses incurred by them while acting in their capacity as directors.



The compensation provided to the director who was not an NEO for the Company's most recently completed financial year of December 31, 2015, is:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Ross Drysdale <sup>(2)</sup>	1,650	Nil	Nil	Nil	Nil	Nil	1,650
Mike Boyd <sup>(3)</sup>	16,679	Nil	Nil	Nil	Nil	Nil	16,679
Allan Silber	Nil	Nil	275,471	Nil	Nil	Nil	275,471
Morris Perlis	Nil	Nil	275,471	Nil	Nil	Nil	275,471
Ian F.T. Kennedy <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Values in this column are comprised of options granted pursuant to the Company's Share Option Plan. Values are based on the grant date fair value of the options calculated using the Black-Scholes-Merton Method.
- (2) As of the date of this Circular, Mr. Drysdale held 150,000 options at \$0.30 exercisable until January 22, 2019 and 500,000 options at \$0.37 exercisable until March 15, 2021.
- (3) As of the date of this Circular, Mr. Boyd held 750,000 options at \$0.30 exercisable until January 22, 2019.
- (4) As of the date of this Circular, Mr. Kennedy held 150,000 options at \$0.30 exercisable until January 22, 2019. Mr. Kennedy resigned as director effective January 25, 2016 and agreed to remain a consultant. The options granted to Mr. Kennedy have an extended expiry to October 27, 2020.

The following table sets out all option-based awards and share-based awards outstanding as at December 31, 2015, for a director who was not an NEO for the Company's most recently completed financial year of December 31, 2015 is:

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 (\$)
Ross Drysdale	150,000	0.30	January 22, 2019	60,000	Nil	Nil	Nil
Mike Boyd	750,000	0.30	January 22, 2019	300,000	Nil	Nil	Nil
Allan Silber <sup>(2)</sup>	500,000	0.56	October 27, 2020	70,000	Nil	Nil	Nil
Morris Perlis <sup>(2)</sup>	500,000	0.56	October 27, 2020	70,000	Nil	Nil	Nil
Ian F.T. Kennedy	150,000	0.30	January 22, 2019	60,000	Nil	Nil	Nil

Notes:

- (1) The closing price on the TSXV on December 31, 2015 was \$0.70. The Company delisted from TSXV and commenced trading on the CSE effective June 3, 2015.
- (2) The options issued to Messrs Silber and Perlis were cancelled on January 22, 2016 when they resigned as directors of the company.

The following table sets out the value vested or earned under incentive plans during the fiscal year ended December 31, 2015, for a director, excluding a director who is already set out in disclosure above for an NEO for the Company:

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 (\$)
Ross Drysdale	Nil	Nil	Nil
Mike Boyd	Nil	Nil	Nil

Note: These amounts represent the aggregate dollar value that would have been realized had the options under the option-based award been exercised on the vesting date.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company has a Share Option Plan effective from January 1, 2013 and approved by the Board (the “Option Plan”). The Option Plan was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Option Plan is administered by the Board and provides that options will be issued pursuant to option agreements to directors, officers, employees or consultants and other key personnel of the Company or a subsidiary of the Company. Under the Option Plan a maximum of 10% of the issued and outstanding Common Shares of the Company, at any time, are reserved for issuance on the exercise of stock options. The options have no vesting period, except as determined by the Board and have an exercise term of no more than 5 years from the date of grant.

The following table sets out equity compensation plan information as at the end of the financial year ended December 31, 2015:

#### *Equity Compensation Plan Information*

	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 - (the Option Plan)	4,600,000	0.42	1,019,892
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	4,600,000	0.42	1,019,892

Notes:

- (1) 1,900,000 options were granted on January 22, 2014 with an exercise price of \$0.30 and a term of 5 years.
- (2) 750,000 options were granted on August 16, 2015 with an exercise price of \$0.38 and a term of 5 years to a consultant company which is wholly owned by CFO. These options were cancelled January 23, 2016.
- (3) 1,950,000 options were granted on October 28, 2015 with an exercise price of \$0.56 and a term of 5 years. 1,000,000 of these options were cancelled January 25, 2016 and 500,000 of these options were cancelled February 6, 2016.
- (4) 250,000 options were granted on January 11, 2016 with an exercise price of \$0.50 and a term of 5 years. These options have been cancelled effective July 13, 2016.
- (5) 2,500,000 options were granted on January 25, 2016 with an exercise price of \$0.50 and a terms of 5 years.
- (6) 500,000 options were granted on March 15, 2016 with an exercise price of \$0.37 and a term of 5 years.
- (7) As of the date of this Circular, 764,823 options remain available for granting.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

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 of the most recently completed financial year or as at the date hereof.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

This Information Circular, including the disclosure below, briefly describes (and, where practicable, states the approximate amount) of any material interest, direct or indirect, of any informed person of the Company, any proposed director of the Company, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

During the year ended December 31, 2015:

1. Mike Boyd, a director of the Company, received consulting fees totalling \$16,679.
2. Drysdale Law, a law firm owned by Ross Drysdale, a director of the Company, received legal fees totalling \$1,650.
3. During the twelve months ended December 31, 2015, the Company contracted certain land lease payments in the amount of \$Nil (2014 - \$609,540 and contracted certain consulting expenses in the amount of \$116,933 (2014 - \$87,007) to Jeffrey Ciachurski, who is the CEO and director for the Company. As at December 31, 2015, \$4,527 (2014 - \$129,881) is owing.

## MANAGEMENT CONTRACTS

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

## PARTICULARS OF MATTERS TO BE ACTED UPON

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

Effective as of January 1, 2013, the Board approved a rolling Stock Option Plan (the "Option Plan") which Option Plan was further approved by the shareholders at the Company's annual and special meeting held on February 15, 2013. The total number of Common Shares that may be issued pursuant to the Option Plan shall not exceed 10% of the aggregate number of issued and outstanding Common Shares. The maximum number of Common Shares that may be reserved for issuance to any one person under the Option Plan is 5% of the Common Shares outstanding at the time of grant. Any options granted pursuant to the Option Plan will terminate upon the date which is 30 days from the termination of an optionee's employment or, from the date such optionee ceased to be a director or consultant of the Company, unless the Board otherwise determines, or provided the optionee has died and was an employee or director for at least one year following the grant of the Options, shall terminate six months following the death of the optionee. All option vesting is set by the Compensation and Governance Committee of the Board at the time of the award.

As at the date of this Management Proxy Circular, there were 5,300,000 stock options outstanding under the Option Plan, leaving 764,823 common shares available for the granting of further options. A copy of the Option Plan is attached to the Company's information circular dated January 21, 2013 and may be viewed on SEDAR at [www.sedar.com](http://www.sedar.com). **At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, approve the following resolutions to ratify, confirm and approve the Option Plan:**

**“BE IT RESOLVED**, as an ordinary resolution, that:

1. The Stock Option Plan (the “Option Plan”) of the Company in the form of the Option Plan dated effective January 1, 2013, be and is hereby ratify, confirmed and approved with such modifications as may be required by securities and exchange regulatory requirements, as applicable;
2. The maximum number of Class A Common Shares (the “Common Shares”) of the Company which may be issued under the Option Plan shall be equal to ten percent (10%) of the then issued and outstanding Common Shares of the Company from time to time; and
3. Any two officers or directors of the Company are hereby authorized to do all such acts and execute and file all instruments and documents necessary or desirable to carry out these resolutions, with securities and exchange regulatory authorities.”

### **ADDITIONAL INFORMATION**

Financial information is provided in the audited financial statements of the Company for the year ended December 31, 2015 and in the related management discussion and analysis and filed on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information relating to the Company is filed on SEDAR at [www.sedar.com](http://www.sedar.com) and upon request from the Company in writing at Suite 201, 78080 Calle Amigo, La Quinta, California, 92253, or by telephone at (760) 771-3333. Copies of documents will be provided free of charge to security holders of the Company. The Company may require the payment of a reasonable charge from any person or company who is not a securityholder of the Company, who requests a copy of any such document.

### **OTHER MATTERS**

The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of mailing of this Information Circular.

The contents of this Information Circular and its distribution to shareholders have been approved by the Board.

**DATED** at Vancouver, British Columbia, this 8<sup>th</sup> day of August, 2016.

### **BY ORDER OF THE BOARD**

Jeff Ciachurski  
Chief Executive Officer