

NOTICE OF ANNUAL GENERAL MEETING  
AND  
MANAGEMENT INFORMATION CIRCULAR  
OF  
**RSI INTERNATIONAL SYSTEMS INC.**

*to be held at 10:00 a.m.*

*on Wednesday, December 16, 2020*

*#Suite 1201 – 1166 Alberni Street  
Vancouver, BC*

**RSI INTERNATIONAL SYSTEMS INC.**

*Suite 1201 – 1166 Alberni Street*

*Vancouver BC V6E 3Z3*

*Phone: 604-329-1009*

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE** is hereby given that the annual general meeting of **RSI INTERNATIONAL SYSTEMS INC.** (the "**Company**"), will be held at Suite 1201 – 1166 Alberni Street, Vancouver, British Columbia, on December 16, 2020, at 10:00 a.m. (Vancouver time). Shareholders will also be able to access the Meeting by teleconference using the details below.

At the Meeting, the shareholders will consider resolutions, for the following purposes:

1. To receive and consider the audited financial statements for the financial year ending December 31, 2019, together with the auditors' report thereon, and to receive and consider the Company's Report to Shareholders.
2. To fix the number of Directors for the ensuing year at three (3).
3. To elect directors to hold office until the next annual general meeting of the Company.
4. To appoint MNP LLP, Chartered Accountants, as the auditors of the Company to hold office until the next annual general meeting, at a remuneration to be fixed by the Directors.
5. To transact such other business as may properly be transacted at such meeting and at any adjournment thereof.

The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this notice.

**All shareholders are entitled to attend and vote at the Meeting in person or by proxy; however, the board of directors (the "Board") is requesting that due to the current COVID-19 pandemic that all shareholders vote their shares by proxy and not attend in person. Shareholders should read, complete, sign and date the enclosed form of proxy and return the same in the enclosed return envelope provided for that purpose within the time and to the location set out in the form of proxy accompanying this notice.**

**Shareholders that wish to access the Meeting by teleconference can do so by dialing in to the following numbers:**

**Uber Conference Number: +1 (604) 900-2119**

Callers are recommended to call in at least 5 minutes before the start of the Meeting.

**Please note, voting will NOT be permitted over the phone, so you MUST complete the proxy form if you are attending the meeting by teleconference and wish to vote.**

DATED at Vancouver, British Columbia, this 10<sup>th</sup> day of November, 2020.

BY ORDER OF THE BOARD OF  
RSI INTERNATIONAL SYSTEMS INC.

*"Adam Ho"*

\_\_\_\_\_  
**Adam Ho**

Chief Executive Officer

# RSI INTERNATIONAL SYSTEMS INC.

*Suite 1201 – 1166 Alberni Street*

*Vancouver BC V6E 3Z3*

*Phone: 604-329-1009*

## **INFORMATION CIRCULAR**

(containing information as at November 10, 2020, unless otherwise noted)

### **SOLICITATION OF PROXIES**

**This Information Circular ("Circular") is furnished in connection with the solicitation of proxies by the management of RSI INTERNATIONAL SYSTEMS INC. (the "Company") for use at the annual general meeting (the "Meeting") of shareholders ("Shareholders") of the Company to be held on December 16, 2020, at the place and time and for the purposes set forth in the accompanying Notice of Meeting, and at any adjournment thereof.** The solicitation will be primarily by mail, however, proxies may be solicited personally or by telephone by the directors, officers and employees of the Company. The cost of solicitation will be borne by the Company.

### **APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the accompanying form of proxy (the "**Proxy**") are directors and/or officers of the Company, or other nominees selected by management. **A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act on the Shareholder's behalf at the Meeting other than the persons named in the Proxy. To exercise this right, a Shareholder shall strike out the names of the persons named in the Proxy and insert the name of the Shareholder's nominee in the blank space provided, or complete another proper instrument of proxy.** A proxy will not be valid unless it is duly completed, signed and deposited with the Company's registrar and transfer agent, Computershare Investor Services Inc. ("**Computershare**") by hand or mail at 100 University Avenue, 8th floor, Toronto, Ontario, M5J 2Y1, or by fax within North America at 1-866-249-7775 or outside North America at 1-416-263-9524, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment thereof. A proxy must be signed by the Shareholder or by his attorney in writing, or, if the Shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer.

A Shareholder who has given a proxy may revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or by his attorney authorized in writing, or, if the Shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer, and deposited by hand or mail with Computershare at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or by fax within North America at 1-866-249-7775 or outside North America at 1-416-263-9524, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of it at which the proxy is to be used, or to the Chairperson of the Meeting on the day of the Meeting or any adjournment of it. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

### **VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES**

On any poll, the persons named in the Proxy will vote the shares in respect of which they are appointed. Where directions are given by the Shareholder in respect of voting for or against any resolution, the proxy holder will do so in accordance with such direction. **In the absence of any instruction in a proxy, it is intended that such shares will be voted in favour of the motions proposed to be made at the Meeting as stated under the headings in this Circular.**

The Proxy, when properly signed, confers discretionary authority with respect to amendments or variations to the matters which may properly be brought before the Meeting. At the time of printing this Circular, management of the Company is not aware of any such amendments, variations or other matters to be presented for action at the Meeting. However, if any other matters which are now not known to management should properly come before the Meeting, the proxies hereby solicited will be exercised on such matters in accordance with the best judgment of the nominee.

In order to approve a motion proposed at the Meeting, a majority of greater than 50% of the votes cast will be required (an "**Ordinary Resolution**") unless the motion requires a special resolution, in which case a majority of not less than two-thirds of the votes cast will be required. In the event a motion proposed at the Meeting requires disinterested shareholder approval, shares held by shareholders who are also "insiders", as such term is defined under applicable securities laws, will be excluded from the count of votes cast on such motion.

## **ADVICE TO BENEFICIAL SHAREHOLDERS**

**The information set forth in this section is of significant importance to many shareholders as a substantial number of shareholders do not hold shares in their own name.** Shareholders who do not hold their shares in their own name (referred to in this Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of shares can be recognized and acted upon at the Meeting.

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

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. The purpose of the form of proxy or voting instruction form provided to a Beneficial Shareholder by its broker, agent or nominee is limited to instructing the registered holder of the shares on how to vote such shares on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications ("**Broadridge**"). Broadridge typically supplies a voting instruction form, mails those forms to Beneficial Shareholders and asks those Beneficial Shareholders to return the forms to Broadridge or follow specific telephone or other voting procedures. Broadridge then tabulates the results of all instructions received by it and provides appropriate instructions respecting the voting of the shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction form from Broadridge cannot use that form to vote shares directly at the Meeting. Instead, the voting instruction form must be returned to Broadridge or the alternate voting procedures must be completed well in advance of the Meeting in order to ensure such shares are voted.**

There are two kinds of Beneficial Shareholders, those who object to their name being made known to the issuers of securities which they own ("**OBOs**" for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are ("**NOBOs**" for Non-Objecting Beneficial Owners). Pursuant to National Instrument 54-101 issuers can obtain a list of their NOBOs from intermediaries for distribution of proxy related materials directly to NOBOs. NOBOs can expect to receive a scannable Voting Instruction Form ("**VIF**") from Broadridge. These VIFs are to be completed and returned to Broadridge. In addition, Computershare provides both telephone voting and internet voting as described on the VIF itself which contains complete instructions. Broadridge will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

These security holder materials are being sent to both registered and non-registered owners of the shares of the Company. If you are a non-registered owner and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. In this event, by choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purpose of voting shares registered in the name of their broker, agent or nominee, a Beneficial Shareholder may attend the Meeting as a proxyholder for a Shareholder and vote their shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their shares as proxyholder for the registered shareholder should contact their broker, agent or nominee well in advance of the Meeting to determine the steps necessary to permit them to indirectly vote their shares as a proxyholder.

All references to shareholders in this Circular and the accompanying form of proxy are to registered shareholders unless specifically stated otherwise.

## **NOTICE AND ACCESS**

The Company is not sending the Meeting Materials to registered Shareholders or Non-Registered Shareholders using notice-and-access delivery procedures defined under NI 54-101 and National Instrument 51-102, *Continuous Disclosure Obligations* ("NI 51-102").

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

Except as otherwise disclosed herein, none of:

- (a) the directors or executive officers of the Company at any time since the beginning of the last financial year 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, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting exclusive of the election of directors or the appointment of auditors.

## **RECORD DATE, VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

A Shareholder of record at the close of business on November 10, 2020 (the "**Record Date**") who either personally attends the Meeting or who has completed and delivered a Proxy in the manner and subject to the provisions described above, shall be entitled to vote or to have such Shareholder's shares voted at the Meeting.

The Company's authorized capital consists of an unlimited number of common shares ("**Common Shares**") without par value and an unlimited number of preferred shares ("**Preferred Shares**") without par value. As at the Record Date, the Company has 36,835,278 Common Shares issued and outstanding, each share carrying the right to one vote, and no Preferred Shares outstanding.

To the best of the knowledge of the directors and executive officers of the Company, as at the Record Date no person beneficially owns, or exercises control or direction, directly or indirectly, over more than 10% of the issued and outstanding Common Shares, except as follows.

| <b>Name</b>                                    | <b>Number of Voting Securities<br/>as at Record Date</b> | <b>Percentage<br/>as at Record Date</b> |
|--|--|---|
| Ernest W. Moody Revocable Trust <sup>(1)</sup> | 16,364,997   | 44.45%                                  |

- (1) A trust of which Mr. David Keys, a director of the Company, serves as a consultant but does not otherwise exercise control or direction over or have any beneficial interest in. See also "Election of Directors – Information Concerning Nominees Submitted by Management" below.

## **ELECTION OF DIRECTORS**

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

Shareholder approval will be sought to fix the number of Directors of the Company at three (3).

Pursuant to the advance notice policy of the Company adopted by the Board of Directors (the "**Advance Notice Policy**"), any additional director nominations for the Meeting must have been received by the Company in compliance with the Advance Notice Policy no later than the close of business on November 16, 2020.

## Information Concerning Nominees Submitted By Management

The following table sets out required information regarding the persons nominated by Management for election as a 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.

| Name, Province and Country of ordinary residence <sup>(1)</sup> , and positions held with the Company | Principal occupation and, IF NOT an elected Director, principal occupation during the past five years <sup>(1)</sup>  | Date(s) serving as a Director | No. of shares beneficially owned or controlled <sup>(1)</sup> |
|---|---|-------------------------------|---|
| <b>DAVID KEYS</b> <sup>(2)(3)</sup><br>Nevada, USA<br><i>Director</i>                                 | Operations and Financial Consultant since April 2004; interim CEO for SkyWire Media, Inc. from December 2015 to August 2017.  | August 24, 2016               | Nil <sup>(4)</sup>  |
| <b>ADAM HO</b> <sup>(2)</sup><br>British Columbia, Canada<br><i>CEO &amp; Director</i>                | Various positions within Zincore Metals Inc. since January 2010, currently Vice President, Corporate Development of Zincore since September 2013 and CFO since November 2014.   | August 24, 2016               | 315,762 <sup>(5)</sup>  |
| <b>ANTHONY BALIC</b><br>British Columbia, Canada<br><i>Director</i> <sup>(2)(3)</sup>                 | Mr. Balic has worked with Canadian and U.S. publicly listed companies for the past 13 years. He is currently the CFO of Goldgroup Mining Inc., Captiva Verde Land Corp., and Fidelity Minerals Corp., and has been a director of Fidelity Minerals Corp. since June 14, 2018. Prior to his involvement with public companies, Mr. Balic was a Senior Manager at Deloitte LLP in Vancouver, where he specialized in assurance and advisory services for clients in various industries. | February 5, 2019              | Nil   |

*Notes:*

- (1) *The information as to ordinary residence, principal occupation and number of common shares of the Company beneficially owned, or controlled or directed, directly or indirectly, by the nominee director and his or her associates and affiliates, not being within the knowledge of the Company, has been furnished by the respective nominees. Information provided as at the Record Date.*
- (2) *Member of Audit Committee.*
- (3) *Member of Compensation Committee.*
- (4) *Mr. Keys does not beneficially own any common shares of the Company. Amount does not include 16,364,997 common shares held by Ernest W. Moody Revocable Trust, a trust of which Mr. Keys serves as a consultant. See also "Record Date, Voting Shares and Principal Holders Thereof" above.*
- (5) *Mr. Ho holds 305,462 common shares directly and 10,300 common shares indirectly through Ute Ho.*

The Company does not currently have an Executive Committee of its Board of Directors.

### Cease Trade Orders, Corporate and Personal Bankruptcies, Penalties and Sanctions

For purposes of the disclosure in this section, an "order" means a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days; and for purposes of item (a)(i) below, specifically includes a management cease trade order which applies to directors or executive officers of a relevant company that was in effect for a period of more than 30 consecutive days whether or not the proposed director was named in the order.

Other than disclosed herein, none of the proposed directors, including any personal holding company of a proposed director:

- (a) is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:
  - (i) was subject to an order that was issued while the proposed director was acting in the capacity as a director, chief executive officer or chief financial officer of the company; or

- (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer of the company; or
- (b) is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets;
- (c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority since December 31, 2000, or before December 31, 2000 if the disclosure of which would likely be important to a reasonable securityholder in deciding whether to vote for a proposed director, or
- (e) has been subject to 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.

The following Directors of the Company hold directorships in other reporting issuers as set out below:

| Name of Director | Name of Other Reporting Issuer*                                |
|------------------|--|
| Anthony Balic    | Lions Bay Capital Inc. (TSXV)<br>Fidelity Mineral Corp. (TSXV) |
| Adam Ho          | Zincore Metals Inc. (NEX)                                      |
| David Keys       | SurgePays Inc. (OTCQB)   |

## **EXECUTIVE COMPENSATION**

In accordance with the provisions of applicable securities legislation, the Company had two "Named Executive Officers" during the financial year ended December 31, 2019 (the "**most recently completed financial year**"), namely Adam Ho, CEO and Sam Wong, CFO.

### **Definitions**

For the purpose of this Circular:

"**CEO**" means an individual who acted as chief executive officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

"**CFO**" means an individual who acted as chief financial officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

"**closing market price**" means the price at which the company's security was last sold, on the applicable date,

- (a) in the security's principal marketplace in Canada, or
- (b) if the security is not listed or quoted on a marketplace in Canada, in the security's principal marketplace;

"**company**" includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

"**equity incentive plan**" means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of IFRS 2;

"**external management company**" includes a subsidiary, affiliate or associate of the external management company;

"**grant date**" means a date determined for financial statement reporting purposes under Section 3870 of the Handbook;

"**incentive plan**" means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

"**incentive plan award**" means compensation awarded, earned, paid, or payable under an incentive plan;

"**NEO**" or "**named executive officer**" means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of National Instrument 51-102, for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year;

"**non-equity incentive plan**" means an incentive plan or portion of an incentive plan that is not an equity incentive plan;

"**option-based award**" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features;

"**plan**" includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other property may be received, whether for one or more persons;

"**replacement grant**" means an option that a reasonable person would consider to be granted in relation to a prior or potential cancellation of an option;

"**repricing**" means, in relation to an option, adjusting or amending the exercise or base price of the option, but excludes any adjustment or amendment that equally affects all holders of the class of securities underlying the option and occurs through the operation of a formula or mechanism in, or applicable to, the option;

"**share-based award**" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

## **Compensation Discussion and Analysis**

### *NEO Compensation Discussion and Analysis*

The objective of the Company's compensation strategy is to provide adequate levels of base compensation for its NEO's as well as discretionary bonuses to act as incentive mechanisms for achieving corporate goals and objectives. Each NEO receives a base salary in recognition of the position's day-to-day duties and responsibilities, which constitutes the largest share of the NEO's compensation package. The Compensation Committee reviews each NEO's base salary on an annual basis, and may also consider an NEO's qualifications, experience, length of service and past contributions in determining an NEO's base salary. The Compensation Committee may also set, throughout the year, discretionary bonuses to serve as incentive mechanisms for the meeting of particular corporate goals and objectives, or for the Company's financial performance. NEO's are also eligible to participate in the Company's Stock Option Plan (the "**Option Plan**") and receive grants of stock options thereunder.

In setting compensation and bonus levels, the Compensation Committee has not yet established any formal objectives or criteria as the Company's current stage of development and financial resources requires flexibility in determining remuneration for its NEO's. The Compensation Committee will, as circumstances require, review and consider the general risks associated with the Company's compensation strategies in terms of compensation paid or proposed to be paid to its NEO's. The Compensation

Committee has not conducted a formal evaluation of the implications of the risks associated with the Company's compensation strategies. Risk management is a consideration of the Compensation Committee when implementing its compensation strategies and at the current time, the Compensation Committee does not believe that the Company's compensation strategies result in unnecessary or inappropriate risk taking, including risks that are likely to have a material adverse effect on the Company.

### *Option-Based Awards*

The Option Plan is used to attract, retain and incentivize qualified and experienced personnel. The Option Plan is an important part of the Company's long-term incentive strategy for its NEO's, as well as for its other directors, officers, other management, employees and consultants (collectively, "**eligible persons**"), permitting them to participate in any appreciation of the market value of the Company's common shares over a stated period of time. The Option Plan is designed to foster a proprietary interest in stock ownership and increases in shareholder value, and to reinforce a commitment to the Company's long-term growth, performance and success. The Board reviews the grant of stock options to NEO's from time to time, based on various factors such as the NEO's level of responsibility and role and importance in the Company achieving its corporate goals, objectives and prospects. Previous grants of options are taken into account when considering new grants of stock options to NEO's. The Company has no equity compensation plans other than the Option Plan.

### *Use of Financial Instruments*

The Company does not have a policy that would prohibit a NEO or director from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. However, management is not aware of any NEO or director having purchased such an instrument.

### *Compensation Governance*

The Company has established a Compensation Committee comprised of David Keys and Anthony Balic. Mr. Keys and Mr. Balic are considered independent. Mr. Keys has been an operations and financial consultant since April 2004 and was interim CEO for SkyWire Media, Inc. from December 2015 to August 2017. Mr. Balic is currently the interim CEO and CFO of Goldgroup Mining Inc., where he managed the entire finance and accounting function of the Company. Prior to this position, he was a Senior Manager at Deloitte LLP in Vancouver, where he specialized in assurance and advisory for mining companies.

### **NEO Summary Compensation Table**

The following table sets out certain information respecting the compensation paid to the NEO's during the most recently completed financial year and two prior financial years, for periods in which they were acting in the capacity of a NEO.

| Name and principal position<br>(a)     | Year <sup>(1)</sup><br>(b) | Salary<br>(\$)<br>(c) | Grant date fair value of share-based awards<br>(\$)<br>(d) | Grant date fair value of option-based awards <sup>(2)</sup><br>(\$)<br>(e) | Non-equity incentive plan compensation<br>(\$)<br>(f) |                                   | Pension value<br>(\$)<br>(g) | All other compensation<br>(\$)<br>(h) | Total compensation<br>(\$)<br>(i) |
|--|----------------------------|-----------------------|--|--|---|-----------------------------------|------------------------------|---------------------------------------|-----------------------------------|
|  |                            |                       |  |  | Annual incentive plans<br>(f1)                        | Long-term incentive plans<br>(f2) |                              |                                       |                                   |
| Adam Ho <sup>(3)</sup><br>CEO          | 2019                       | 49,500                | N/A  | 40,050   | N/A   | N/A                               | N/A                          | N/A                                   | 89,550                            |
| Sam Wong <sup>(4)</sup><br>CFO         | 2019                       | 39,000                | N/A  | 22,250   | N/A   | N/A                               | N/A                          | N/A                                   | 61,250                            |
| Tim Major <sup>(5)</sup><br>Former CEO | 2019                       | 18,750                | N/A  | Nil  | N/A   | N/A                               | N/A                          | <sup>(10)</sup> 106,250               | 125,000                           |
|  | 2018                       | 150,000               | N/A  | Nil  | N/A   | N/A                               | N/A                          | <sup>(7)</sup> 2,833                  | 152,833                           |
|  | 2017                       | 142,500               | N/A  | 8,708  | N/A   | N/A                               | N/A                          | <sup>(7)</sup> 4,568                  | 157,776                           |

| Name and principal position (a)                        | Year <sup>(1)</sup> (b) | Salary (\$) (c) | Grant date fair value of share-based awards (\$) (d) | Grant date fair value of option-based awards <sup>(2)</sup> (\$) (e) | Non-equity incentive plan compensation (\$) (f) |                                | Pension value (\$) (g) | All other compensation (\$) (h) | Total compensation (\$) (i) |
|--|-------------------------|-----------------|--|--|---|--------------------------------|------------------------|---------------------------------|-----------------------------|
|  |                         |                 |  |  | Annual incentive plans (f1)                     | Long-term incentive plans (f2) |                        |                                 |                             |
| Giovanni Susin <sup>(6)</sup><br>Former CFO            | 2019                    | 36,500          | N/A  | Nil  | N/A   | N/A                            | N/A                    | <sup>(10)</sup> 75,000          | 111,500                     |
|  | 2018                    | 150,000         | N/A  | Nil  | N/A   | N/A                            | N/A                    | <sup>(7)</sup> 2,833            | 152,833                     |
|  | 2017                    | 142,500         | N/A  | 8,708  | N/A   | N/A                            | N/A                    | <sup>(7)</sup> 4,568            | 155,851                     |
| Rod Kawamoto <sup>(8)</sup><br>Former VP of Operations | 2019                    | 13,750          | N/A  | Nil  | N/A   | N/A                            | N/A                    | <sup>(10)</sup> 47,055          | 60,805                      |
|  | 2018                    | 110,000         | N/A  | Nil  | N/A   | N/A                            | N/A                    | <sup>(9)</sup> 47,849           | 157,846                     |
|  | 2017                    | 62,500          | N/A  | 8,708  | N/A   | N/A                            | N/A                    | <sup>(9)</sup> 26,157           | 97,365                      |

Notes:

- (1) Fiscal year ended December 31.
- (2) Deemed fair value of options granted during the fiscal year, based on the Black-Scholes-Merton model. For the fiscal year ended December 31, 2019, see note 12 to the audited financial statements for that year for underlying assumptions used for options granted in that year.
- (3) Adam Ho was appointed as CEO on February 13, 2019.
- (4) Sam Wong was appointed as CFO on February 13, 2019.
- (5) Tim Major resigned as CEO on February 13, 2019.
- (6) Giovanni Susin resigned as CFO on February 13, 2019.
- (7) Deemed value of taxable benefits.
- (8) Rod Kawamoto, VP of Operations resigned on February 13, 2019.
- (9) Includes commission totalling \$46,850 (2017 - \$24,525)
- (10) Change of control payments related to principal asset disposition to NSight Inc. on February 13, 2019.

### Narrative Discussion

The Company's general compensation strategy for NEO's is discussed above under "Compensation Discussion and Analysis – NEO Compensation Discussion and Analysis". The following is a summary of the most recent employment agreements or arrangements between the Company and any subsidiary thereof and the NEO's:

### NEO Incentive Plan Awards

#### Outstanding Share-Based Awards and Option-Based Awards

The following table sets out certain information respecting each NEO's share-based and option-based awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year.

| Name (a) | Option-based Awards   |                                |                            |   | Share-based Awards   |  |  |
|----------|---|--------------------------------|----------------------------|---|--|--|--|
|          | Number of securities underlying unexercised options (#) (b) | Option exercise price (\$) (c) | Option expiration date (d) | Value of unexercised in-the-money options <sup>(1)</sup> (\$) (e) | Number of shares or units of shares that have not vested (#) (f) | Market or payout value of share-based awards that have not vested (\$) (g) | Market or payout value of vested share-based awards not paid out or distributed (\$) (h) |
| Adam Ho  | 450,000   | 0.10                           | May 1, 2024                | 27,000  | N/A  | N/A  | N/A  |
|          | 225,000   | 0.20                           | Jan. 23, 2022              | Nil   | N/A  | N/A  | N/A  |
| Sam Wong | 250,000   | 0.10                           | May 1, 2024                | 15,000  | N/A  | N/A  | N/A  |

| 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 (\$) |
| <b>Tim Major</b> <sup>(2)</sup><br>Former CEO                 | 100,000   | 0.20                       | Jan 23, 2022           | Nil   | N/A  | N/A  | N/A  |
| <b>Giovanni Susin</b> <sup>(3)</sup><br>Former CFO            | 100,000   | 0.20                       | Jan 23, 2022           | Nil   | N/A  | N/A  | N/A  |
| <b>Rod Kawamoto</b> <sup>(4)</sup><br>Former VP of Operations | 100,000   | 0.20                       | Jan 23, 2022           | Nil   | N/A  | N/A  | N/A  |

(1) Based on the difference between the closing market price of the Company's common shares on the Exchange on the last day of the most recently completed financial year (or, in the event there was no trade, the most recent closing market price prior thereto), being \$0.16 as of December 31, 2019, less the exercise price of the option.

(2) Tim Major resigned as CEO on February 13, 2019.

(3) Giovanni Susin resigned as CFO on February 13, 2019.

(4) Rod Kawamoto, VP of Operations resigned on February 13, 2019.

### ***Incentive Plan Awards – Value Vested Or Earned During The Year***

The following table sets out certain information respecting the value of each NEO's share-based and option-based awards that became vested or were earned during the most recently completed financial year.

| Name  | Option-based awards<br>–Value vested during the year <sup>(1)</sup><br>(\$) | Share-based awards<br>–Value vested during the year<br>(\$) | Non-equity incentive plan compensation<br>–Value earned during the year<br>(\$) |
|---|---|---|---|
| <b>Adam Ho</b>  | 13,500  | N/A   | N/A   |
| <b>Sam Wong</b>   | 7,500   | N/A   | N/A   |
| <b>Tim Major</b> <sup>(2)</sup><br>Former CEO                 | N/A   | N/A   | N/A   |
| <b>Giovanni Susin</b> <sup>(3)</sup><br>Former CFO            | N/A   | N/A   | N/A   |
| <b>Rod Kawamoto</b> <sup>(4)</sup><br>Former VP of Operations | N/A   | N/A   | N/A   |

(1) For options that became vested during the most recently completed financial year and were in-the-money on their vesting date, based on the difference between the closing market price of the Company's common shares on the Exchange on the vesting date, less the exercise price of the option.

(2) Tim Major resigned as CEO on February 13, 2019.

(3) Giovanni Susin resigned as CFO on February 13, 2019.

(4) Rod Kawamoto, VP of Operations resigned on February 13, 2019.

### ***Narrative Discussion***

The grant of stock options to NEO's pursuant to the Company's Option Plan is generally discussed above under the heading "Compensation Discussion and Analysis – Option-Based Awards".

During the most recently completed financial year, no stock options were granted to, and no stock options were exercised by, NEO's. As at the end of said financial year, NEO's held 925,000 of the 1,825,000 then issued and outstanding stock options.

### **NEO Termination and Change of Control Benefits**

There are no provisions in any contract, agreement, plan or arrangement that provides for payments to an NEO 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, except as disclosed above under "NEO Summary Compensation Table – Narrative Discussion".

## **DIRECTOR COMPENSATION**

### **Director Compensation Table**

The following table sets out certain information respecting the compensation paid to directors of the Company who were not NEO's during the Company's most recently completed financial year:

| Name<br>(a)   | Fees earned<br>(\$)<br>(b) | Share-based<br>awards<br>(\$)<br>(c) | Option-based<br>awards<br>(\$) <sup>(1)</sup><br>(d) | Non-equity<br>incentive plan<br>compensation<br>(\$)<br>(e) | Pension value<br>(\$)<br>(f) | All other<br>compensation<br>(\$)<br>(g) | Total<br>(\$)<br>(h) |
|---------------|----------------------------|--------------------------------------|--|---|------------------------------|--|----------------------|
| David Keys    | Nil                        | N/A                                  | 40,050   | N/A   | N/A                          | Nil                                      | 40,050               |
| Anthony Balic | Nil                        | N/A                                  | 22,250   | N/A   | N/A                          | Nil                                      | 22,250               |

(1) Deemed fair value of options granted during the fiscal year, based on the Black-Scholes-Merton model. For the fiscal year ended December 31, 2019, see note 12 to the audited financial statements for that year for underlying assumptions used for options granted in that year.

### ***Narrative Discussion***

Other than as mentioned below, there are no arrangements under which directors of the Company who were not NEO's were compensated by the Company or its subsidiaries during the most recently completed financial year end for their services in their capacity as directors or consultants.

### **Director Share-based Awards, Option-based Awards and Non-equity Incentive Plan Compensation**

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

The following table sets out certain information respecting share-based and option-based awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, for the directors of the Company who were not NEO's.

| Name<br>(a)   | Option-based Awards  |                                   |                               |  | Share-based Awards  |   |   |
|---------------|--|-----------------------------------|-------------------------------|--|---|---|---|
|               | Number of securities underlying unexercised options (#)<br>(b) | Option exercise price (\$)<br>(c) | Option expiration date<br>(d) | Value of unexercised in-the-money options <sup>(1)</sup> (\$)<br>(e) | Number of shares or units of shares that have not vested (#)<br>(f) | Market or payout value of share-based awards that have not vested (\$)<br>(g) | Market or payout value of vested share-based awards not paid out or distributed (\$)<br>(h) |
| David Keys    | 450,000  | 0.10                              | May 1, 2024                   | 27,000   | N/A   | N/A   | N/A   |
|               | 200,000  | 0.20                              | Jan. 23, 2022                 | Nil  | N/A   | N/A   | N/A   |
| Anthony Balic | 250,000  | 0.10                              | May 1, 2024                   | 15,000   | N/A   | N/A   | N/A   |

(1) Based on the difference between the closing market price of the Company's common shares on the Exchange on the last day of the most recently completed financial year (or, in the event there was no trade, the most recent closing market price prior thereto), being \$0.16 as of December 31, 2019, less the exercise price of the option.

#### ***Incentive Plan Awards – Value Vested Or Earned During The Year***

The following table sets out certain information respecting the value of share-based and option-based awards that became vested or were earned during the most recently completed financial year for the directors of the Company who were not NEO's.

| Name          | Option-based awards<br>– Value vested during the year <sup>(1)</sup><br>(\$) | Share-based awards<br>– Value vested during the year<br>(\$) | Non-equity incentive plan<br>compensation<br>– Value earned during the year<br>(\$) |
|---------------|--|--|---|
| David Keys    | 13,500   | N/A  | N/A   |
| Anthony Balic | 7,500  | N/A  | N/A   |

(1) For options that became vested during the most recently completed financial year and were in-the-money on their vesting date, based on the difference between the closing market price of the Company's common shares on the Exchange on the vesting date, less the exercise price of the option.

### ***Narrative Discussion***

The grant of stock options to directors pursuant to the Company's Option Plan is generally discussed above under the heading "Compensation Discussion & Analysis – Option Based Awards".

During the most recently completed financial year, no stock options were granted to, and no stock options were exercised by, directors who are not NEO's. As at the end of said financial year, directors who are not NEO's held 875,000 of the 1,825,000 then issued and outstanding stock options.

### **AUDIT COMMITTEE DISCLOSURE**

The Charter of the Company's audit committee and other information required to be disclosed by National Instrument 52-110 Audit Committees is attached to this Circular as Schedule "A". The information contained therein is presented as at December 31, 2019, the last day of the most recently completed financial year.

### **CORPORATE GOVERNANCE DISCLOSURE**

The information required to be disclosed by National Instrument 58-101 Disclosure of Corporate Governance Practices is attached to this Circular as Schedule "B". The information contained therein is presented as at December 31, 2019, the last day of the most recently completed financial year.

### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION**

The following table sets forth information with respect to all compensation plans under which equity securities are authorized for issuance as of December 31, 2019:

#### **Equity Compensation Plan Information**

| Plan Category  | Number of securities to be issued upon exercise of outstanding options, warrants and rights <sup>(1)</sup><br>(a) | Weighted-average exercise price of outstanding options, warrants and rights <sup>(1)</sup><br>(b) | Number of securities remaining available for future issuance under equity compensation plans excluding securities reflected in column (a) <sup>(1)</sup><br>(c) |
|--|---|---|---|
| Equity compensation plans approved by securityholders <sup>(2)</sup> | 1,825,000   | 0.12  | 4,568,425   |
| Equity compensation plans not approved by securityholders            | Nil   | N/A   | N/A   |
| TOTAL  | 1,825,000   | 0.12  | 4,568,425   |

(1) The foregoing information is presented as of December 31, 2019.

(2) Represents the Option Plan of the Company, which reserves a fixed number of common shares equal to 6,393,425 for issue pursuant to stock options. No options were exercised during the year ended December 31, 2019

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

As of the date hereof, other than indebtedness that has been entirely repaid on or before the date of this information circular or "routine indebtedness" as defined in Form 51-102F5 of National Instrument 51-102 none of:

- (a) the individuals who are, or at any time since the beginning of the last financial year of the Company were, a director or executive officer of the Company;
- (b) the proposed nominees for election as a director of the Company; or
- (c) any associates of the foregoing persons,

is, or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or any subsidiary of the Company, or is a person whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any subsidiary of the Company.

#### **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 December 31, 2019, 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 Company's most recently completed financial year or in a proposed transaction which has materially affected or would materially affect the Company or any subsidiary of the Company.

#### **MANAGEMENT CONTRACTS**

Management functions of the Company and any subsidiary thereof are not, to any substantial degree, performed other than by directors or executive officers of the Company or any subsidiary thereof.

#### **FINANCIAL STATEMENTS AND COPIES OF MEETING MATERIALS**

The audited financial statements of the Company as at and for the period ended December 31, 2019 (the "**Financial Statements**"), together with the auditor's report thereon, will be presented to Shareholders at the Meeting. The Financial Statements, together with the auditor's report thereon and the Company's Management's Discussion & Analysis (the "**MD&A**"), are being mailed only to those shareholders on the supplemental mailing list maintained by the Company's registrar and transfer agent. Copies of the Financial Statements, together with the auditor's report thereon and the Company's MD&A, Notice of Meeting, Circular and Proxy are available on the SEDAR website at [www.sedar.com](http://www.sedar.com) and at the Company's office at Suite 1201, 1166 Alberni Street Vancouver BC V6E 3Z3.

#### **APPOINTMENT AND REMUNERATION OF AUDITORS**

MNP LLP, Chartered Accountants, is the current auditor of the Company. Management recommends, and the persons named in the accompanying Proxy intend to vote in favour of the re-appointment of MNP LLP, Chartered Accountants as the auditor of the Company to hold office until the next annual general meeting of the Company at a remuneration to be fixed by the Board of Directors. In the absence of express instructions to the contrary, the shares represented by proxy will be voted in favour of the re-appointment of MNP LLP, Chartered Accountants as the auditor of the Company to hold office until the next annual general meeting of the Company at a remuneration to be fixed by the Board of Directors.

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

**A. OTHER MATTERS**

As of the date of this Circular, management knows of no other matters to be acted upon at this annual general and special meeting. However, should any other matters properly come before the Meeting, the shares represented by the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the shares represented by the proxy.

**ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at Suite 1201 – 1166 Alberni Street, Vancouver BC, V6E 3Z3 to request copies of the Company's Financial Statements and Management Discussion and Analysis in electronic format, which will be sent by email without charge.

**DIRECTOR APPROVAL**

The contents of this Circular and the sending thereof to the Shareholders of the Company have been approved by the Board of Directors.

DATED at Vancouver, British Columbia, this 10<sup>th</sup> day of November, 2020.

BY ORDER OF THE BOARD OF  
RSI INTERNATIONAL SYSTEMS INC.

“Adam Ho”  
**Adam Ho**  
President and Chief Executive Officer

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**SCHEDULE "A"**

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**FORM 52-110F2  
AUDIT COMMITTEE DISCLOSURE  
(Containing information as at December 31, 2019)**

**Item 1: The Audit Committee Charter**

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*Purpose*

The overall purpose of the Audit Committee (the "**Committee**") of RSI INTERNATIONAL SYSTEMS INC. (the "**Company**") is to ensure that the Company's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements and related financial disclosure of the Company, and to review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information. It is the intention of the Board that through the involvement of the Committee, the external audit will be conducted independently of the Company's Management to ensure that the independent auditors serve the interests of Shareholders rather than the interests of Management of the Company. The Committee will act as a liaison to provide better communication between the Board and the external auditors. The Committee will monitor the independence and performance of the Company's independent auditors.

*Composition, Procedures and Organization*

1. The Committee shall consist of at least three members of the Board of Directors (the "**Board**").
2. At least two (2) members of the Committee shall be independent and the Committee shall endeavour to appoint a majority of independent directors to the Committee, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Committee members' independent judgment. At least one (1) member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Company. For the purposes of this Charter, an individual is 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's financial statements.
3. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
4. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
5. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
6. The Committee shall have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
7. Meetings of the Committee shall be conducted as follows:
  - (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
  - (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee; and

- (c) management representatives may be invited to attend all meetings except private sessions with the external auditors.
8. The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Company as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

***Roles and Responsibilities***

1. The overall duties and responsibilities of the Committee shall be as follows:
  - (a) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly consolidated financial statements and related financial disclosure;
  - (b) to establish and maintain a direct line of communication with the Company's internal and external auditors and assess their performance;
  - (c) to ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal financial controls; and
  - (d) to report regularly to the Board on the fulfilment of its duties and responsibilities.
2. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
  - (a) to recommend to the Board a firm of external auditors to be engaged by the Company, and to verify the independence of such external auditors;
  - (b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
  - (c) review the audit plan of the external auditors prior to the commencement of the audit;
  - (d) to review with the external auditors, upon completion of their audit:
    - (i) contents of their report;
    - (ii) scope and quality of the audit work performed;
    - (iii) adequacy of the Company's financial and auditing personnel;
    - (iv) co-operation received from the Company's personnel during the audit;
    - (v) internal resources used;
    - (vi) significant transactions outside of the normal business of the Company;
    - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
    - (viii) the non-audit services provided by the external auditors;
  - (e) to discuss with the external auditors the quality and not just the acceptability of the Company's accounting principles; and
  - (f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.

3. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:
  - (a) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
  - (b) review compliance under the Company's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;
  - (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and
  - (d) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
  
4. The Committee is also charged with the responsibility to:
  - (a) review the Company's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
  - (b) review and approve the financial sections of:
    - (i) the annual report to Shareholders;
    - (ii) the annual information form, if required;
    - (iii) annual and interim MD&A;
    - (iv) prospectuses;
    - (v) news releases discussing financial results of the Company; and
    - (vi) other public reports of a financial nature requiring approval by the Board,and report to the Board with respect thereto;
  - (c) review regulatory filings and decisions as they relate to the Company's consolidated financial statements;
  - (d) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
  - (e) review and report on the integrity of the Company's consolidated financial statements;
  - (f) review the minutes of any audit committee meeting of subsidiary companies;
  - (g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
  - (h) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and

- (i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders.
5. The Committee shall have the authority:
- (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties,
  - (b) to set and pay the compensation for any advisors employed by the Committee; and
  - (c) to communicate directly with the internal and external auditors.

#### **Item 2: Composition of the Audit Committee**

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For purposes hereof, "financially literate" and "independent" have the meaning used in Multilateral Instrument 52-110 (the "**Instrument**") of the Canadian Securities Administrators. The current members of the Audit Committee are David Keys, Anthony Balic and Adam Ho. All of the members are financially literate. Pursuant to the provisions relating to independence set out in section 1.4 of the Instrument:

- Mr. Keys and Mr. Balic are considered independent.
- Mr. Ho is not considered independent as he acts as the Company's CEO.

#### **Item 3: Relevant Education and Experience**

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David Keys has been an operations and financial consultant since April 2004 and was interim CEO for SkyWire Media, Inc. from December 2015 to August 2017.

Anthony Balic has worked with Canadian and U.S. publicly listed companies for the past 13 years. He is currently the CFO of Goldgroup Mining Inc., Captiva Verde Land Corp., Omni Commerce Corp. and Fidelity Minerals Corp., and has been a director of Fidelity Minerals Corp. since June 14, 2018. Prior to his involvement with public companies, Mr. Balic was a Senior Manager at Deloitte LLP in Vancouver, where he specialized in assurance and advisory services for clients in various industries.

Adam Ho has held various positions within Zincore Metals Inc. since January 2010, is currently Vice President, Corporate Development since September 2013 and CFO since November 2014.

#### **Item 4: Audit Committee Oversight**

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At no time since the commencement of the Company's most recently completed financial year was a recommendation by the Committee to nominate or compensate an external auditor, currently MNP LLP, Chartered Accountants, not adopted by the Board.

#### **Item 5: Reliance on Certain Exemptions**

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During the most recently completed financial year, the Company has not relied on the exemptions contained in sections 2.4 or 8 of the Instrument. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of all the non-audit services not pre-approved is reasonably expected to be no more than 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided, the Company did not recognize the services as non-audit services at the time of engagement, and the services are promptly brought to the attention of the audit committee and approved prior to the completion of the audit by the audit committee. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of the Instrument, in whole or in part.

**Item 6: Pre-Approval Policies and Procedures**

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Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted. The engagement of non-audit services is considered by, as applicable, the Board and the Audit Committee, on a case by case basis.

**Item 7: External Auditor Service Fees (by category)**

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The aggregate fees charged to the Company by the external auditor in each of the last two fiscal years is as follows:

|                          | <b>FYE 2019</b> | <b>FYE 2018</b> |
|--------------------------|-----------------|-----------------|
| Audit fees               | \$34,000        | \$55,000        |
| Audit related fees       | \$Nil           | \$Nil           |
| Tax consulting           | \$Nil           | \$Nil           |
| All other fees (non-tax) | \$Nil           | \$Nil           |
| Total fees               | \$34,000        | \$55,000        |

(1) CPAB fees.

**Item 8: Exemption**

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In respect of the most recently completed financial year, the Company is relying on the exemption set out in section 6.1 of the Instrument with respect to compliance with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of the Instrument.

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## SCHEDULE "B"

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### Form 58-101F2

#### CORPORATE GOVERNANCE DISCLOSURE (VENTURE ISSUERS) (Containing information as at December 31, 2019)

##### Item 1: Board of Directors

The Board facilitates its exercise of independent supervision over management through:

- (a) **Strategic Planning.** The Company's strategic business plan, including capital budgeting, is prepared by the President and Chief Executive Officer of the Company. The plan is then reviewed and discussed by the Board.
- (b) **Periodic review.** The Board meets at scheduled times and on an as needed basis with senior management to discuss the implementation of the Company's strategic plan and any issues in respect thereof, to discuss any material variances from the capital budget, and to give guidance to senior management and otherwise revise the strategic plan and capital budget as required.
- (c) **Audit Committee.** The Audit Committee is, to the extent practicable, made up of a majority of financially literate and independent directors, and has direct communication with internal personnel responsible for financial statement preparation and meets independently with the Company's external auditors as required. The Audit Committee's responsibilities include reviewing financial statements and the integrity of the Company's internal controls and management information systems. The Audit Committee meets with the Board annually and on an as needed basis to discuss these matters. Members of the Board are encouraged to bring any matter of concern in respect to the foregoing matters to the Audit Committee.
- (d) **Corporate Governance.** The Board as a whole is responsible for establishing and developing corporate governance practices appropriate for the Company.
- (e) **Approvals.** In addition to those matters which must, by law, be approved by the Board, approval for any transaction which is outside the ordinary course of business, with a non-arms length party or could be considered to be material to the Company must be approved by the Board.
- (f) **Independent members.** Meetings of the Board, independent of management, are encouraged as circumstances require.

The Board is currently comprised of three directors, being David Keys, Anthony Balic and Adam Ho. Mr. Keys and Mr. Balic are considered independent. Mr. Ho is not considered independent as he acts as the Company's CEO.

For purposes of the foregoing discussion, "independence" is defined as a member who has no direct or indirect relationship which could, in the view of the issuer's board of directors, reasonably interfere with the exercise of the member's independent judgment, and expressly includes but is not limited to an individual who has a relationship with the issuer pursuant to which the individual may accept, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer other than as remuneration for acting in his or her capacity as a member or as a part-time chair or vice-chair of the board of directors or any board committee.

##### Item 2: Directorships

David Keys is not presently a director of any other reporting issuer (or equivalent) in a Canadian or foreign jurisdiction.

Anthony Balic is a director of Lions Bay Capital Inc. and Fidelity Mineral Corp. Both companies are listed on the TSXV.

Adam Ho is a director of Zincore Metals Inc., which is listed on the NEX.

**Item 3: Orientation and Continuing Education**

The Board does not currently have formal procedures or a program for the orientation of new board members, as no new board members are presently contemplated, or for the continuing education of board members. Inquiries are handled by the Board on a case by case basis with outside consultation, if required.

**Item 4: Ethical Business Conduct**

Board members are expected to maintain the highest standards of integrity and to lead by example. 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.

The Company allows any member of the Board to engage an outside advisor at the expense of the Company in appropriate circumstances. The engagement of an outside advisor is subject to the approval by the Board as a whole.

**Item 5: Nomination of Directors**

The Board as a whole is responsible for identifying nominees having an area of expertise needed for the Board and otherwise qualified to become a director, and in determining and recommending nominees for director for the annual meetings of the shareholders. The Board is not currently taking any steps to identify new candidates for the Board, as the current number of directors and the composition of the Board is considered adequate for a corporation of the current size and stage of development of the Company.

**Item 6: Compensation**

The Board has a Compensation Committee comprised of David Keys, Anthony Balic and Adam Ho. The Compensation Committee reviews, as needed, compensation to directors and to officers with respect to industry comparable and with regards to the particular circumstances of the Company.

**Item 7: Other Board Committees**

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

**Item 8: Assessments**

The Board as a whole assesses its performance, the performance of Board committees and the contribution of individual directors on an informal and ongoing basis. The Board of Directors also monitors the adequacy of information given to directors and of communications between the Board and management as circumstances require.