

# **CVR MEDICAL CORP.**

**NOTICE OF MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF THE SHAREHOLDERS**

**To be held on Thursday, February 13, 2020**

**CVR MEDICAL CORP.**  
**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING**  
**OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN THAT** an annual general and special meeting (the "**Meeting**") of the shareholders of CVR Medical Corp. (the "**Company**") will be held at 409 – 221 W. Esplanade, North Vancouver, British Columbia, V7M 3J3, on February 13, 2020 at 10:00 a.m. (Pacific Standard Time) for the following purposes:

1. to receive the financial statements of the Company for its fiscal year ended December 31, 2018 and the auditor's report thereon;
2. to set the number of directors at three (3);
3. to elect the directors for the forthcoming year;
4. to appoint Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants, as auditors of the Company and to authorize the directors of the Company to fix the auditors' remuneration;
5. to re-approve the Company's stock option plan, as described in the accompanying management information circular;
6. to transact such further or other business as may properly come before the Meeting or any adjournment thereof.

The details of the matters proposed to be put before the Meeting are set forth in the management information circular accompanying this Notice, which is supplemental to and expressly made a part of this Notice. Shareholders of record as of the close of business on January 8, 2020 (the "**Record Date**") will be entitled to vote at the Meeting and at any adjournment or adjournments thereof.

**DATED** at the City of Vancouver, British Columbia, as of the 8<sup>th</sup> day of January, 2020.

By Order of the Board of Directors  
of **CVR MEDICAL CORP.**

*(signed) "Dallas Hack"*

\_\_\_\_\_  
Dallas Hack

Director, CEO, and CFO

**SHAREHOLDERS WHO ARE UNABLE TO ATTEND THE MEETING ARE REQUESTED TO COMPLETE, AND DEPOSIT THE ENCLOSED FORM OF PROXY OR OTHER APPROPRIATE FORM OF PROXY WITH THE COMPANY'S TRANSFER AGENT, AST TRUST COMPANY (CANADA), IN THE MANNER PROVIDED FOR IN THE ACCOMPANYING CIRCULAR, SUCH THAT IT IS RECEIVED AT LEAST 48 HOURS (EXCLUDING SATURDAYS, SUNDAYS AND STATUTORY HOLIDAYS IN THE PROVINCE OF BRITISH COLUMBIA) PRIOR TO THE COMMENCEMENT OF THE MEETING OR ANY ADJOURNMENT THEREOF, IN DEFAULT OF WHICH IT MAY BE TREATED AS INVALID. IN ORDER TO BE REPRESENTED BY PROXY, SHAREHOLDERS MUST COMPLETE AND SUBMIT THE ENCLOSED FORM OF PROXY OR OTHER APPROPRIATE FORM OF PROXY.**

*If you are a non-registered shareholder of the Company and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or by the other intermediary. Failure to do so may result in your shares not being eligible to be voted by proxy at the Meeting.*

---

## CVR MEDICAL CORP.

---

### MANAGEMENT INFORMATION CIRCULAR as of January 8, 2020 (unless otherwise noted)

#### GENERAL PROXY INFORMATION

##### SOLICITATION OF PROXIES

This management information circular (the "Circular") is furnished in connection with the solicitation of proxies by or on behalf of management of CVR Medical Corp. (the "Company") for use at the annual general and special meeting (the "Meeting") of shareholders of the Company to be held on February 13, 2020, at 10:00 a.m. (Pacific Standard Time), or any adjournment thereof, at 409 – 221 W Esplanade, North Vancouver, British Columbia, V7M 3J3 for the purposes set out in the accompanying notice of meeting (the "Notice of Meeting").

The solicitation of proxies will be made primarily by mail, but proxies may also be solicited personally, by telephone or other telecommunication by the directors, officers and certain employees of the Company at nominal cost. Banks, brokers, custodians, nominees and fiduciaries will be requested to forward the proxy soliciting materials to beneficial owners, and the Company will reimburse such persons for reasonable out-of-pocket expenses incurred by them in this connection. The expenses of soliciting proxies, including the cost of preparing, assembling and mailing this proxy material to shareholders, will be borne by the Company.

In this Circular, unless otherwise specified, all dollar amounts are expressed in Canadian dollars.

The last annual general meeting of the shareholders of the Company was held on June 15, 2018.

#### Q&A ON PROXY VOTING

**Q: What am I voting on?**

A: Shareholders are voting on: (i) to set the number of directors at three (3); (ii) the election of directors to the board of directors of the Company (the "**Board**") for the forthcoming year; (iii) the appointment of auditors for the Company for the forthcoming year and the authorization of the directors of the Company to fix their remuneration and the terms of their engagement; and (iv) the re-approval of the Company's existing incentive stock option plan (the "**Option Plan**") as described under the heading "Matters to be Considered at the Meeting – Re-approval of Stock Option Plan".

**Q: Who is entitled to vote?**

A: Shareholders as of the close of business on January 8, 2020 (the "**Record Date**") are entitled to vote at the Meeting and at any adjournments thereof. Each common share (each a "**Share**" and collectively the "**Shares**") is entitled to one vote on those items of business identified in the Notice of Meeting.

**Q: How do I vote?**

A: There are several ways you can vote your Shares if you are a registered shareholder:

- (i) By attending the Meeting and voting;

- (ii) *By mail, fax or email:* complete, date and sign the enclosed form of proxy and return it to the Transfer Agent by fax within North America at 416-368-2502 or toll-free at 1-866-781-3111; or by mail to P.O. Box 721, Agincourt, Ontario, M1S 0A1 or by email to [proxyvote@astfinancial.com](mailto:proxyvote@astfinancial.com). or
- (iii) *By phone:* using a touch-tone phone, call toll free in Canada and the United States, to transmit voting choices to 1-888-489-7352. Registered shareholders must follow the instructions of the voice response system and refer to the enclosed form of proxy for the toll-free number, the Shareholder's account number and the proxy access number.

In all cases please ensure that the Proxy is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

If your Shares are held in the name of a nominee, please refer to the answer to the question "*What if my Shares are held through a brokerage account?*" to determine how you may vote your Shares.

**Q: What if I plan to attend the Meeting and vote in person?**

A: If you are a registered shareholder and plan to attend the Meeting on February 13, 2020 and wish to vote your Shares in person at the Meeting, do not complete or return the form of proxy. Your vote will be taken and counted at the Meeting. Please register with the Company's transfer agent, AST Trust Company (Canada), upon arrival at the Meeting. If your Shares are held in the name of a nominee and you wish to attend the Meeting, refer to the answer to the question "*What if my shares are held through a brokerage account?*" for voting instructions.

**Q: Who is soliciting my proxy?**

A: **The enclosed form of proxy is being solicited by management of the Company** and the associated costs will be borne by the Company. The solicitation will be made primarily by mail but may also be made personally, by telephone or other telecommunication by the directors, officers and certain employees of the Company.

**Q: What happens if I sign the form of proxy enclosed with this Circular?**

A: Signing the enclosed form of proxy gives authority to Dr. Dallas Hack, a director of the Company, or failing him, Dr. Paul Blunden, a director of the Company, or to another person you have appointed, to vote your Shares at the Meeting.

**Q: Can I appoint someone other than these representatives to vote my Shares?**

A: Yes. **Write the name of this person, who need not be a shareholder of the Company, in the blank space provided in the form of proxy and return the proxy to the Company's transfer agent.** It is important to ensure that any other person you appoint is attending the Meeting and is aware that he or she has been appointed to vote your Shares. Proxyholders should, upon arrival at the Meeting, present themselves to a representative of AST Trust Company (Canada).

**Q: If I change my mind, can I take back my proxy once I have given it?**

A: Yes. A registered shareholder who executes and returns a proxy has the power to revoke it (to the extent that it has not been exercised) by depositing a written statement to that effect executed by the shareholder or his, her or its attorney duly authorized in writing or by electronic signature or by transmitting, by telephonic or electronic means, a revocation that is signed by electronic signature, or, if the shareholder is a Company, by written instrument executed (under corporate seal if so required by the rules and laws governing the Company) by a duly authorized signatory of such Company:

- (i) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof. If such written instrument is deposited with the Chairman of the Meeting on the day of the Meeting or any adjournment

thereof, such instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy;

(ii) with the Company's registrar and transfer agent, AST Trust Company (Canada), by mail or by hand delivery at Suite 1600 – 1066 W. Hastings Street, Vancouver, British Columbia, V6E 3X1, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof; or

(iii) in any other manner permitted by law.

A registered shareholder who has revoked a proxy may submit another form of proxy bearing a later date and duly depositing the same as described above in the answer to the question "*What do I do with my completed proxy?*"

A non-registered holder may revoke a voting instruction or a waiver of the right to receive the meeting materials or a waiver of the right to vote given to an intermediary at any time by written notice to the intermediary, except that an intermediary is not required to act on any such revocation that is not received by the intermediary well in advance of the Meeting.

**Q: How will my Shares be voted if I give my proxy?**

A: On the form of proxy, you can indicate how you want your proxyholder to vote your Shares, or you can let your proxyholder decide for you. If you have specified on the form of proxy how you want your Shares to be voted on a particular issue, then your proxyholder must vote your Shares accordingly. If you have not specified on the form of proxy how you want your Shares to be voted on a particular issue, then your proxyholder can vote your Shares as he or she sees fit. **IN THE ABSENCE OF SUCH DIRECTIONS, HOWEVER, YOUR SHARES WILL BE VOTED IN FAVOUR OF: (I) TO SET THE NUMBER OF DIRECTORS AT THREE (3); (II) THE ELECTION OF THE DIRECTORS NAMED IN THIS CIRCULAR; (III) THE APPOINTMENT OF THE AUDITORS; (IV) THE RE-APPROVAL OF THE OPTION PLAN; AND (V) OTHER BUSINESS.**

**Q: What if amendments are made to these matters or if other matters are brought before the Meeting?**

A: **The persons named in the form of proxy will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.**

As of the date of this Circular, management of the Company knows of no such amendment, variation or other matter expected to come before the Meeting. If any other matters properly come before the Meeting, the persons named in the form of proxy will vote on them in accordance with their best judgment.

**Q: How many Shares are entitled to vote?**

A: As of the Record Date, there are 126,377,872 Shares issued and outstanding. Each shareholder has one vote for each Share held at the close of business on the Record Date.

**Q: How will the votes be counted?**

A: Unless otherwise required by law, each question brought before the Meeting is determined by a majority of votes cast on the question. In the case of equal votes, the Chairman of the Meeting is not entitled to a second or casting vote.

**Q: Who counts the votes?**

A: The Company's transfer agent, AST Trust Company (Canada), counts and tabulates the proxies. This is done independently of the Company to preserve the confidentiality of individual shareholder votes. Proxies are

referred to the Company only in cases where a shareholder clearly intends to communicate with management or when it is necessary to do so to meet the requirements of applicable law.

**Q: What if my Shares are held through a brokerage account?**

A: If you hold your Shares through a brokerage firm, bank or other intermediary, or in the name of a clearing agency, in most cases you are considered to be a "non-registered" shareholder. **Please refer to the section entitled "Important Information For Non-Registered Shareholders" below for additional information on how to vote your Common Shares.**

**IMPORTANT INFORMATION FOR NON-REGISTERED 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. Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. Most Shareholders are Non-Registered Shareholders because the Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Shares. Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Shareholder deals with in respect of their Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS) of which the Intermediary is a participant.

There are two kinds of Non-Registered Shareholders – those who object to their name being made known to the issuers of securities which they own (called "**OBOs**" for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called "**NOBOs**" for Non-Objecting Beneficial Owners). Subject to the provisions of National Instrument 54-101 – Communication with Beneficial Owners of Securities of Reporting Issuers ("**NI 54-101**"), issuers can request and obtain a list of their NOBOs from Intermediaries via their transfer agents and use the NOBO list for distribution of proxy-related materials directly to NOBOs.

The Company has decided to take advantage of those provisions of NI 54-101 that permit it to directly deliver proxy related materials to its NOBOs who have not waived the right to receive them. By choosing to send these materials to you directly, the Company (and not the intermediary holding Shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. As a result, NOBOs can expect to receive a voting instruction form ("**VIF**"), together with the Notice of Meeting, this Circular, and related documents from AST Trust Company (Canada). These VIFs are to be completed and returned to AST Trust Company (Canada) in accordance with the instructions provided by AST Trust Company (Canada) either in the envelope provided by AST Trust Company (Canada) or by facsimile or by way of telephone or internet voting. In this regard, AST Trust Company (Canada) is required to follow the voting instructions properly received from NOBOs. AST Trust Company (Canada) will tabulate the results of the VIFs received from NOBOs. NOBOs should carefully follow the instructions of AST Trust Company (Canada), including those regarding when and where to complete the VIFs that are to be returned to AST Trust Company (Canada). Should a NOBO wish to vote at the Meeting in person, the NOBO must insert the name of the NOBO in the space provided on the VIF, and attend the Meeting and vote in person.

NOBOs that wish to change their vote must in sufficient time in advance of the Meeting contact AST Trust Company (Canada) to arrange to change their vote.

In accordance with the requirements of NI 54-101, we have distributed copies of the Meeting Materials to the clearing agencies and Intermediaries for onward distribution to OBOs. Intermediaries are required to forward the Meeting Materials to OBOs unless in the case of certain proxy-related materials the OBO has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to OBOs. With those Meeting Materials, Intermediaries or their service companies should provide OBOs with a "request for voting instruction form" which, when properly completed and signed by such OBO and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow. The purpose of this procedure is to permit OBOs to direct the voting of the Shares that they beneficially own. Should an OBO wish to vote at the Meeting in person, the OBO should follow the procedure in the request for voting instructions provided by the Company on behalf of the Intermediary and request a form of legal proxy which will grant the OBO the right to attend the Meeting and vote in person. OBOs should carefully follow the instructions of their Intermediary, including those regarding when

and where the completed request for voting instructions is to be delivered. Management of the Company does not intend to pay for Intermediaries to forward to OBOs under NI 54-101 the Meeting Materials, and that in the case of an OBO, the OBO will not receive the Meeting Materials unless the OBO's Intermediary assumes the cost of delivery.

Only registered Shareholders have the right to revoke a proxy. OBOs who wish to change their vote must in sufficient time in advance of the Meeting arrange for their respective Intermediaries to change their vote and, if necessary, revoke their proxy in accordance with the revocation procedures set out above.

### **VOTING SHARES AND PRINCIPAL SHAREHOLDERS**

The authorized capital of the Company consists of an unlimited number of Common Shares without par value. As of the date of this Circular, 126,377,872 Shares were issued and outstanding. Each Share is entitled to one vote.

The outstanding Shares of the Company were listed for trading on the TSX Venture Exchange (the "**TSX-V**") under the symbol "CVM". On May 6, 2019, the TSX-V suspended trading in the Company's Shares as a result of a failure-to-file cease trade order (the "**FFCTO**") issued by the British Columbia Securities Commission (the "**BCSC**"). On November 1, 2019, the BCSC issued a full revocation of the FFCTO. Reinstatement to trading can occur when the TSX-V has concluded its reinstatement review to ensure the Company has satisfactorily complied with TSX-V requirements.

To the knowledge of our directors and officers, CVR Global Inc. ("**Global**") is the only one person or company that beneficially owns, directly or indirectly, or exercises control or direction over 10% or more of our Shares as of the Record Date. Global is the registered holder of 33,300,000 Shares of the Company, representing 26.35% of the issued and outstanding Shares of the Company.

As of the date hereof, the directors and executive officers of the Company, did not own, as a group, beneficially, directly or indirectly, or exercised control or direction over, any Shares of the Company.

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

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein, except where stated to be a special resolution of the shareholders, in which case a two-thirds (2/3) majority of affirmative votes is required to be cast at the Meeting in order to pass a special resolution.

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

#### **A. FINANCIAL STATEMENTS**

The audited financial statements of the Company for each of the fiscal years ended December 31, 2018 and the corresponding reports of the Company's auditors thereon, will be presented to the shareholders at the Meeting for their review and consideration.

#### **B. NUMBER OF DIRECTORS**

The Articles of the Company provide that the Company shall have a minimum of three and a maximum of that number of directors as may be fixed or changed from time to time by majority approval from the shareholders. Accordingly, shareholders will be asked to set the number of directors at three (3).

#### **C. ELECTION OF DIRECTORS**

Shareholders will be asked to elect three (3) directors at the Meeting. Each director elected will hold office until the next annual meeting or until his successor is appointed, unless his office is earlier vacated in accordance with the *Business Corporations Act* (British Columbia) (the "**BCA**") and the Articles of the Company.

Two of the nominees are currently members of the Board and have been since the dates indicated below. One of the nominees is not currently a member of the Board. Management does not contemplate that any of the nominees will be

unable to serve as a director. However, if a nominee should be unable to so serve for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. The persons named in the enclosed form of proxy intend to vote FOR the election of all of the nominees whose names are set forth below unless otherwise instructed to withhold from voting thereon on a properly executed and validly deposited proxy.

The following table sets forth certain information concerning management's nominees for election as directors, including the approximate number of Shares beneficially owned, directly or indirectly, by each of them, or over which they exercise control or direction.

| Name of Proposed Nominee, Province and Country of Residence | Principal Occupation  | Director Since     | Current Position(s) with the Company  | Number of Shares beneficially owned, directly or indirectly, or controlled or directed <sup>(1)</sup> |
|---|---|--------------------|---|---|
| Dallas Hack, M.D. <sup>(2)</sup><br>Tennessee, USA          | Medical doctor and self-employed business consultant  | May 10, 2018       | Interim Chief Executive Officer, Interim Chief Financial Officer and Director | Nil   |
| Paul Blunden, M.D. <sup>(2)</sup><br>Florida, USA           | Medical doctor and self-employed business consultant  | September 16, 2016 | Director  | Nil   |
| Phil Bendick, Ph.D<br>Michigan, USA                         | Director of Surgical Research and Technical Director, Peripheral Vascular Diagnostic Center, William Beaumont Hospital, Beaumont Health Systems | -                  | Proposed Director   | Nil   |

Notes:

- (1) The information as to Shares beneficially owned, not being within the knowledge of the Company, has been obtained from SEDI or furnished by the proposed directors individually. Does not include Shares issuable upon exercise of options or warrants.
- (2) Member of Audit Committee.

The following is a brief biography for the proposed new director of the Company:

Philip Bendick received his Bachelor of Science and Master of Science degrees from the Massachusetts Institute of Technology and his PhD from Stanford University. He has been active since then in research and noninvasive evaluation of the cardiovascular system, including the clinical application of vascular ultrasound. He was an Assistant, then Associate Professor of Surgery at the Indiana University Medical Center before he left to become Director of Surgical Research and Director of the Peripheral Vascular Diagnostic Center at William Beaumont Hospital in Royal Oak, Michigan. He was a founding board of directors member of the Intersocietal Commission for the Accreditation of Vascular Laboratories (ICAVL, now the IAC, Vascular Testing) and has served as a member of the Board of Governors of the American Institute of Ultrasound in Medicine (AIUM) and the board of directors of the Joint Review Commission for Education in Diagnostic Medical Sonography (JRC-DMS). He has been recognized as a fellow of both the Society of Diagnostic Medical Sonography (SDMS) and the Society of Vascular Ultrasound (SVU). He has published over 150 peer-reviewed articles, 17 book chapters, and has lectured extensively in the United States and abroad. He is the most recent editor-in-chief emeritus of the Journal of Diagnostic Medical Sonography (JDMS).

### Orders, Penalties and Bankruptcies

To the knowledge of the Company, except as disclosed below, none of the foregoing nominees for director of the Company:

- (a) is, at the date of this Circular, or has been, within ten years before the date of this Circular, a director, CEO or CFO of any company (including the Company) that:
  - (i) was subject of a cease trade or an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in



effect for a period of more than 30 consecutive days (an "**order**") and that was issued while the proposed director was acting in the capacity as director, CEO or CFO;

- (ii) was subject to an order that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity of director, CEO or CFO,
- (b) is, at the date of this Circular, or has been, within ten years before the date of this Circular, a director or executive officer of any company (including the Company), that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within ten 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, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

To the knowledge of the Company, no nominee for director of the Company has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Dallas Hack ("**Dr. Hack**") is currently the interim Chief Executive Officer and interim Chief Financial Officer of the Company and Paul Blunden ("**Dr. Blunden**") is currently a director of the Company. While Dr. Hack and Dr. Blunden were directors of the Company, the BCSC, in accordance with its guidelines, issued a Failure-to-File cease trade order (the "**FFCTO**") that prohibited all trading of the securities of the Company on May 6, 2019. The Company applied to the BCSC under National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*, for an order revoking the FFCTO. The FFCTO was issued as a result of the Company's failure to file certain annual audited financial statements, management discussion and analysis and the certification of the annual audited financial statements, pursuant to National Instrument 51-102. The FFCTO was in effect for a total of 179 days and was revoked on November 1, 2019.

#### **D. APPOINTMENT OF AUDITORS**

Shareholders will be requested to appoint Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants, as auditors of the Company to hold office until the next annual meeting of shareholders and to authorize the directors of the Company to fix their remuneration and the terms of their engagement. Dale Matheson Carr-Hilton Labonte LLP was first appointed on November 5, 2010.

**To be approved, the resolution requires the affirmative vote of a majority of the votes cast on the resolution. Proxies received in favour of management will be voted in favour of the appointment of Dale Matheson Carr-Hilton Labonte LLP as auditors of the Company to hold office until the next annual meeting of shareholders and the authorization of the directors to fix the auditors' remuneration and the terms of their engagement, unless the shareholder has specified in a proxy that his, her or its Shares are to be withheld from voting in respect thereof.**

#### **E. RE-APPROVAL OF STOCK OPTION PLAN**

The policies of the TSX-V require all incentive stock option grants to be made pursuant to a stock option plan approved by the Company's Shareholders. The Company's Option Plan is a "rolling" stock option plan pursuant to which directors, officers, employees and consultants of the Company, or any of its subsidiaries or affiliates, (each an

"Eligible Person" and collectively, the "Eligible Persons") may be awarded options to purchase Shares (the "Options"). The Option Plan was last approved by the Shareholders at the Company's previous annual [and special] meeting of the Shareholders held on June 15, 2018. Pursuant to the policies of the TSX-V, a "rolling plan" must receive yearly Shareholder approval. Accordingly, Shareholders are being asked to re-approve the current Option Plan in accordance with Policy 4.4 of the TSX-V.

The Option Plan has been established to advance the interests of the Company or any of its subsidiaries and affiliates by encouraging the directors, officers, employees and consultants of the Company, or any of its subsidiaries or affiliates, to acquire Shares thereby increasing their proprietary interest in the Company, encouraging them to remain with the Company, or its subsidiaries or affiliates, and providing them with additional incentive in the conduct of their affairs for and on behalf of the Company its subsidiaries and affiliates.

### ***Details of the Plan***

Some key provisions of the Option Plan are as follows:

- (a) The aggregate number of Shares reserved for issuance under the Option Plan must not exceed 10% of the outstanding Shares (on a non-diluted basis). The Shares in respect of which Options are not exercised shall be available for subsequent Option grants. No fractional shares may be purchased or issued thereunder.
- (b) The aggregate number of Shares reserved for issuance under the Option Plan and granted to any one person within a 12 month period may not exceed 5% of the outstanding Shares;
- (c) The issuance of Shares to insiders pursuant to the Option Plan within a 12 month period may not exceed 10% of the outstanding Shares;
- (d) The issuance of Shares to any one insider and such insider's associates pursuant to the Option Plan within a 12 month period may not exceed 10% of the outstanding Shares;
- (e) The issuance of Shares to any one Consultant (as such term is defined in the TSX-V Corporate Finance Manual) pursuant to the Option Plan within a one year period may not exceed 2% of the outstanding Shares; and the issuance of Shares to persons employed to provide Investor Relations Activities (as such term is defined in the TSX-V Corporate Finance Manual) for the Company within a one year period may not exceed an aggregate of 2% of the outstanding Shares.

Pursuant to the Option Plan, the Company can, at any time, have a number of Options outstanding equal to up to 10% of the then outstanding number of Shares. In the event of the exercise or cancellation of any Options, the Company could make a further grant of Options, provided that the 10% maximum is not exceeded.

If an Eligible Person who is an Officer, Employee or Consultant is terminated for cause, each Option held by such Eligible Person will terminate and therefore cease to be exercisable upon such termination for cause. If an optionee dies prior to otherwise ceasing to be an Eligible Person, each Option held by such Eligible Person will terminate and therefore cease to be exercisable no later than the earlier of the expiry date of the Option and the date which is six months after the date of death. However, the Board has the discretion to extend the date of such Option termination for a period of up to twelve months from the date of death, subject to the expiry date of such Option.

If an optionee ceases to be an Eligible Person other than for cause or as a result of death, each Option held by such Participant will terminate and therefore ceases to be exercisable 30 days after such event subject to the Board's discretion to extend the date of such Option termination for a period of up to twelve months from the date of death, subject to the expiry date of such Option. In certain circumstances, the Board may, on a case-by-case basis and only with the approval of the TSX-v, further extend the date of such termination to a date that is twelve months after such event.

The Board has authority to determine the manner in which an Option shall vest and become exercisable.

### ***Shareholder Approval***

At the Meeting, the Shareholders will be asked to vote on the following ordinary resolution (the "**Option Plan Re-Approval Resolution**"):

"BE IT RESOLVED, as an ordinary resolution that:

1. The Company's Option Plan, is hereby approved, confirmed and ratified.
2. Any officer or director of the Company is hereby authorized and directed, for and on behalf of the Company, to do all things and execute and deliver all such agreements, documents and instruments necessary or desirable in connection with the foregoing resolution."

The Option Plan Re-Approval Resolution must be approved by at least a majority of the votes cast by the Shareholders present in person or represented by proxy at the Meeting. The Board believes that the Option Plan Re-Approval Resolution is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of the Option Plan Re-Approval Resolution.

**The persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, will vote such proxies in favour of the Option Plan Re-Approval Resolution.**

## **OTHER BUSINESS**

While management of the Company is not aware of any business other than that mentioned in the Notice of Meeting to be brought before the Meeting for action by the shareholders, **it is intended that the proxies hereby solicited will be exercised upon any other matter or proposal that may properly come before the Meeting, or any adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

## **EXECUTIVE COMPENSATION**

### **COMPENSATION DISCUSSION AND ANALYSIS**

The primary objectives of the Company's executive compensation program are to attract, motivate and retain executive officers who have the necessary skills, education, experience and personal qualities required to manage the Company's business for the benefit of its shareholders, and to align their success with that of the shareholders.

The Company does not have in place a Compensation Committee. All tasks related to developing and monitoring the Company's approach to the compensation of the Company's Named Executive Officers are performed by the members of the Board. The compensation of the Named Executive Officers and the Company's employees is reviewed, recommend and approved by the Board without reference to any specific formula or criteria. Named Executive Officers who are also directors of the Company are involved in discussion relating to compensation, and disclose their interest in and abstain from voting on compensation relating to them, as applicable, in accordance with the applicable corporate legislation.

### **STOCK-BASED COMPENSATION**

Under the terms of the Option Plan, the Board or a committee of the Board may grant incentive stock options to the Company's directors, officers, employees and consultants to purchase Shares. The purpose of options is to provide a direct long-term incentive to improve shareholder value over time. The level of grant is determined by reference to standards of practice within the Company's industry and the individual's level of responsibility within the Company.

The Company does not have a program or regular annual grant of options. When determining options to be allocated, a number of factors are considered, including the number of outstanding options held by an individual, the value of such options, and the total number of options available for granting.

Reference is also made to the heading "*Summary of Terms and Conditions of the Incentive Stock Option Plan*" below for further information.

## SALARIES OR FEES

Future based executive compensation, in the form of salaries or consulting fees, will provide a fixed level of compensation for discharging the specific duties and responsibilities of the executive. The Board recognizes that the size of the Company may prohibit executive compensation from matching those of larger companies in the same industry. The Board also believes that long-term equity interests, in the form of options (described above), will compensate for lower base fees. This compensation strategy is similar to the strategies of many other companies within the Company's peer group.

When determining executive compensation, the Board will review the compensation policies of companies engaged in businesses similar to the Company's. Although the Company has not obtained any industry reports regarding compensation, at the appropriate time the Board will review publicly available information with respect to compensation paid to the executives of companies that are also engaged in the acquisition, exploration and development of mineral properties.

In setting the base compensation levels for individuals, consideration will be given to objective factors such as the level of responsibility, experience and expertise, as well as subjective factors such as leadership and contribution to corporate performance. Fees will be reviewed annually and adjustments may be made based upon corporate and personal performance, market conditions and the level of responsibility attributed to specific executives.

## COMPENSATION OF EXECUTIVE OFFICERS

### Summary Compensation Table for Named Executive Officers

The following table sets forth all compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, for the fiscal years ended December 31, 2018, 2017 and 2016, to the Company's Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"). Other than the incumbent CEO and CFO the Company had no Named Executive Officers during its most recently completed financial year.

| Name and Principal Position  | Fiscal Year Ended December 31 | Salary (\$) | Share-based awards (\$) | Option-based awards (\$) <sup>(1)</sup> | Non-equity incentive plan compensation (\$) |                           | Pension Value (\$) | All other compensation (\$) | Total compensation (\$) |
|--|-------------------------------|-------------|-------------------------|---|---|---------------------------|--------------------|-----------------------------|-------------------------|
|  |                               |             |                         |   | Annual incentive plans (\$)                 | Long-term incentive plans |                    |                             |                         |
| Peter Bakema <sup>(2)(5)</sup><br><i>President, CEO and Director</i> | 2018                          | \$455,798   | -                       | -                                       | -   | -                         | -                  | -                           | \$455,798               |
|  | 2017                          | \$143,336   | -                       | -                                       | -   | -                         | -                  | -                           | \$143,336               |
|  | 2016                          | \$55,784    | -                       | \$293,642                               | -   | -                         | -                  | -                           | \$349,426               |
| Dallas Hack, <i>interim CEO, interim CFO and director</i>            | 2018                          | \$26,711    | -                       | -                                       | -   | -                         | -                  | -                           | \$26,711                |
|  | 2017                          | -           | -                       | -                                       | -   | -                         | -                  | -                           | -                       |
|  | 2016                          | -           | -                       | -                                       | -   | -                         | -                  | -                           | -                       |
| Tommy Harris, CFO <sup>(3)</sup>                                     | 2018                          | \$240,328   | -                       | -                                       | -   | -                         | -                  | -                           | \$240,328               |
|  | 2017                          | -           | -                       | -                                       | -   | -                         | -                  | -                           | -                       |
|  | 2016                          | -           | -                       | -                                       | -   | -                         | -                  | -                           | -                       |
| Erwin Wong, CFO <sup>(4)</sup>                                       | 2018                          | \$26,000    | -                       | -                                       | -   | -                         | -                  | -                           | \$26,000                |
|  | 2017                          | \$85,150    | -                       | -                                       | -   | -                         | -                  | -                           | \$85,150                |
|  | 2016                          | \$60,000    | -                       | \$254,490                               | -   | -                         | -                  | -                           | \$314,490               |

Notes:

- (1) The option values were estimated using the Black-Scholes option pricing model.
- (2) Peter Bakema resigned as President, CEO and director effective November 23, 2019.
- (3) Tommy Harris resigned as CFO effective August 20, 2019.
- (4) Erwin Wong resigned as CFO effective May 1, 2018 and as a director effective May 10, 2018.
- (5) Includes compensation received by companies controlled by Peter Bakema through fees paid to CVR Global, Inc. for research and development costs.

**Incentive Plan Awards for Named Executive Officers**

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

The following table sets forth information concerning all option-based and share-based awards for each Named Executive Officer that were granted before, and remain outstanding as of the most recently completed fiscal year ended December 31, 2018.

| Name and Principal Position                                       | Option-based Awards <sup>(1)</sup>                      |                            |                        |   | Share-based Awards   |  |
|---|---|----------------------------|------------------------|---|--|--|
|   | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options <sup>(2)</sup> (\$) | Number of Shares or units of Shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) |
| Peter Bakema <sup>(3)</sup><br><i>President, CEO and Director</i> | 1,500,000   | \$0.21                     | September 21, 2021     | \$0   | -  | -  |
| Dallas Hack,<br><i>interim CEO, interim CFO and director</i>      | -   | -                          | -                      | -   | -  | -  |
| Tommy Harris,<br>CFO <sup>(4)</sup>                               | -   | -                          | -                      | -   | -  | -  |
| Erwin Wong <sup>(5)</sup><br><i>CFO and Director</i>              | 1,300,000   | \$0.21                     | September 21, 2021     | \$0   | -  | -  |

Notes:

- (1) The option-based awards relate to those stock options awarded pursuant to the Option Plan, and the stock option plan existing prior to the approval of the Option Plan. The option values were estimated using the Black-Scholes option pricing model.
- (2) The value of unexercised in-the-money options was calculated based on the difference between the closing price of Shares underlying the options as at May 6, 2019, the last closing price prior to the TSX-V suspending the trading of the Company's Shares, which was \$0.20.
- (3) Peter Bakema resigned as President, CEO and director effective November 23, 2019.
- (4) Tommy Harris resigned as CFO effective August 20, 2019.
- (5) Erwin Wong resigned as CFO effective May 1, 2018 and as a director effective May 10, 2018.

**Incentive Plan Awards Value Vested or Earned During the Fiscal Year Ended December 31, 2018**

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed fiscal year ended December 31, 2018 by each Named Executive Officer:

| 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 (\$) |
|--------------|---|--|---|
| Peter Bakema | -   | -  | -   |
| Dallas Hack  | -   | -  | -   |
| Tommy Harris | -   | -  | -   |
| Erwin Wong   | -   | -  | -   |

**Pension Plan Benefits**

The Company does not have any pension plans that provide for payments of benefits at, following or in connection with retirement or provide for retirement or deferred compensation plans for the Named Executive Officers or directors.

### Termination and Change of Control Benefits

The Company has no plan or arrangement whereby any Named Executive Officer may be compensated in the event of that Named Executive Officer's resignation, retirement or other termination of employment, or in the event of a change of control of the Company or a change in Name Executive Officer's responsibilities following such a change of control.

## COMPENSATION OF DIRECTORS

### Summary Compensation Table for Directors

The following table sets forth information concerning the annual and long-term compensation in respect of the directors of the Company other than the Named Executive Officers, during the fiscal year ended December 31, 2018. For details of the compensation for the Named Executive Officers who are, or were previously, also directors of the Company, see disclosure in "Summary Compensation Table for Named Executive Officers".

| Name                         | Fees earned (\$) | Share-based awards (\$) | Option-based awards (\$) <sup>(1)</sup> | Non-equity incentive plan compensation (\$) | Pension value (\$) | All other compensation (\$) | Total (\$) |
|------------------------------|------------------|-------------------------|---|---|--------------------|-----------------------------|------------|
| Paul Blunden <sup>(2)</sup>  | \$94,760         | -                       | -                                       | -   | -                  | -                           | \$94,760   |
| Joel Kanter <sup>(3)</sup>   | \$11,936         | -                       | -                                       | -   | -                  | -                           | \$11,936   |
| Wayne Hellman <sup>(4)</sup> | \$58,307         | -                       | -                                       | -   | -                  | -                           | \$58,307   |
| Jim D'Orta <sup>(5)</sup>    | -                | -                       | -                                       | -   | -                  | -                           | -          |

Notes:

- (1) The option values were estimated using the Black-Scholes option pricing model.
- (2) Includes compensation received by a company controlled by Paul Blunden through fees paid to CVR Global, Inc. for research and development costs.
- (3) Joel Kanter resigned as a director of the Company effective August 20, 2019.
- (4) Wayne Hellman resigned as a director of the Company effective August 20, 2019.
- (5) Jim D'Orta resigned as a director of the Company effective April 29, 2019.

### Incentive Plan Awards for Directors

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

The following table sets forth information concerning all option-based and share-based awards for each director, other than the Named Executive Officers, that were granted before, and remain outstanding as of the most recently completed fiscal year ended December 31, 2018.

| Name and Principal Position      | Option-based Awards <sup>(1)</sup>                      |                            |                        |   | Share-based Awards   |  |
|----------------------------------|---|----------------------------|------------------------|---|--|--|
|                                  | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options <sup>(2)</sup> (\$) | Number of Shares or units of Shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) |
| Joel Kanter <sup>(3)</sup>       | -   | -                          | -                      | -   | -  | -  |
| Wayne Hellman <sup>(4)</sup>     | -   | -                          | -                      | -   | -  | -  |
| Ron Birch <sup>(5)</sup>         | 300,000   | \$0.21                     | September 21, 2021     | \$0   | -  | -  |
| Paul Blunden                     | -   | -                          | -                      | -   | -  | -  |
| Benjamin Asuncion <sup>(6)</sup> | 200,000   | \$0.43                     | February 9, 2022       | \$0   | -  | -  |

Notes:

- (1) The option-based awards relate to those stock options awarded pursuant to the Stock Option Plan.
- (2) The value of unexercised in-the-money options was calculated based on the difference between the closing price of Shares underlying the options as at May 6, 2019, the last closing price prior to the TSX-V suspending the trading of the Company's Shares, which was \$0.20.
- (3) Joel Kanter resigned as director of the Company effective August 20, 2019.
- (4) Wayne Hellman resigned as director of the Company effective August 20, 2019.

- (5) Ron Birch ceased to be a director of the Company effective January 9, 2019.  
 (6) Benjamin Asuncion ceased to be a director effective June 15, 2018.

### Incentive Plan Awards – Value Vested or Earned During the Fiscal Year Ended December 31, 2018

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed fiscal year ended December 31, 2018 by each director, other than the Named Executive Officers:

| 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 (\$) |
|------------------------------|--|--|--|
| Wayne Hellman <sup>(2)</sup> | --   | --   | --   |
| Joel Kanter <sup>(3)</sup>   | --   | --   | --   |
| Paul Blunden                 | --   | --   | --   |

Notes:

- (1) The value of unexercised in-the-money options was calculated based on the difference between the closing price of Shares underlying the options as at May 6, 2019, the last closing price prior to the TSX-V suspending the trading of the Company's Shares, which was \$0.20.  
 (2) Wayne Hellman resigned as director of the Company effective August 20, 2019.  
 (3) Joel Kanter resigned as director of the Company effective August 20, 2019.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER THE EQUITY COMPENSATION PLAN

### EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth aggregated information as at December 31, 2018 with respect to the Option Plan, which is the only compensation plan under which equity securities of the Company are authorized for issuance to employees or non-employees such as directors and consultants. For further information regarding the Option Plan, see the section immediately below entitled "*Summary of Terms and Conditions of the Stock Option Plan*".

| Plan Category   | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted-average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
|---|---|---|---|
| Equity compensation plans approved by securityholders     | 4,050,000   | \$0.53  | 4,254,645   |
| Equity compensation plans not approved by securityholders | --  | --  | --  |
| <b>Total</b>  | <b>4,050,000</b>  | <b>\$0.53</b>   | <b>4,254,645</b>  |

### Summary of Terms and Conditions of the Stock Option Plan

Pursuant to the Option Plan, the Board may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, and technical consultants to the Company, non-transferable options to purchase Shares, provided that the number of Shares reserved for issuance will not exceed 10% of the outstanding Shares (on a non-diluted basis). The number of Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Shares and the number of Shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding Shares. Options may be exercised 90 days following cessation of the optionee's position with the Company, provided that if the cessation of

office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

## **CORPORATE GOVERNANCE AND OTHER MATTERS**

### **BOARD OF DIRECTORS**

There are currently two directors of the Company: Dallas Hack and Paul Blunden. One of the two directors of the Company are independent as they are independent of management and free from any material relationship with the Company. Dallas Hack is not considered to be "independent" as he is the interim Chief Executive Officer and interim Chief Financial Officer of the Company.

To facilitate the directors of the Company functioning independent of management, where appropriate, during regularly scheduled meetings, non-independent directors and members of management are excluded from certain discussions.

### **DIRECTORSHIPS**

The following directors of the Company are also directors of other reporting issuers (or the equivalent) as set forth below:

| <b>Director</b> | <b>Other Reporting Issuers</b> |
|-----------------|--------------------------------|
| Paul Blunden    | None                           |
| Dallas Hack     | None                           |

### **ORIENTATION AND CONTINUING EDUCATION**

The Board has not adopted a formal policy on the orientation and continuing education of new and current directors. When a new director is appointed, the Board delegates individual directors the responsibility for providing an orientation and education program for any new director. This may be delivered through informal meetings between the new directors and the Board and senior management, complemented by presentations on the main areas of the Company's business. When required the Board may arrange for topical seminars to be provided to members of the Board or committees of the Board. Such seminars may be provided by one or more members of the Board and management or by external professionals.

### **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, some of the directors of the Company also serve as directors and officers of other companies, the Board must comply with the conflict of interest provisions of the *Business Corporations Act* (British Columbia), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Each director is required to declare the nature and extent of his interest and is not entitled to vote at meetings which involve such conflict.

### **NOMINATION OF DIRECTORS**

The Board has not appointed a nominating committee. The Board seeks and determines new nominees to the Board although no formal process has been adopted. The nominees are generally the result of recruitment efforts by current Board members including both formal and informal discussions among the Board members and officers.



## COMPENSATION

The Company does not have a compensation committee. The Board reviews, as needed, compensation to directors and to officers with respect to industry comparables and with regards to the particular circumstances of the Company.

## BOARD COMMITTEES

### Audit Committee

The Audit Committee is responsible for the Company's financial reporting process and the quality of its financial reporting. The Audit Committee is charged with the mandate of providing independent review and oversight of the Company's financial reporting process, the system of internal control and management of financial risks, and the audit process, including the selection, oversight and compensation of the Company's external auditors. The Audit Committee also assists the Board in fulfilling its responsibilities in reviewing the Company's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the Audit Committee maintains effective working relationships with the Board, management, and the external auditors and monitors the independence of those auditors. The Audit Committee is also responsible for reviewing the Company's financial strategies, its financing plans and its use of the equity and debt markets.

### **Audit and Finance Committee Charter**

The following Audit Committee Charter was adopted by the Company's Board and Audit Committee:

#### *Purpose of the Committee*

The purpose of the Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Company is to provide an open avenue of communication between management, the Company's independent auditor and the Board and to assist the Board in its oversight of:

- the integrity, adequacy and timeliness of the Company's financial reporting and disclosure practices;
- the Company's compliance with legal and regulatory requirements related to financial reporting; and
- the independence and performance of the Company's independent auditor. The Committee shall also perform any other activities consistent with this Charter, the Company's articles and governing laws as the Committee or Board deems necessary or appropriate.

The Committee shall consist of at least three directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Committee shall elect a Chairman from among their number. A majority of the members of the Committee must not be officers or employees of the Company or of an affiliate of the Company. The quorum for a meeting of the Committee is a majority of the members who are not officers or employees of the Company or of an affiliate of the Company. With the exception of the foregoing quorum requirement, the Committee may determine its own procedures.

The Committee's role is one of oversight. Management is responsible for preparing the Company's financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with Generally Accepted Accounting Principles ("**GAAP**"). Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditor's responsibility is to audit the Company's financial statements and provide its opinion, based on its audit conducted in accordance with generally accepted auditing standards, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with GAAP.

The Committee is responsible for recommending to the Board the independent auditor to be nominated for the purpose of auditing the Company's financial statements, preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, and for reviewing and recommending the compensation of the independent auditor. The Committee is also directly responsible for the evaluation of and oversight of the work of the independent auditor. The independent auditor shall report directly to the Committee.

#### *Authority and Responsibilities*

In addition to the foregoing, in performing its oversight responsibilities, the Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board.
2. Review the appointments of the Company's Chief Financial Officer and any other key financial executives involved in the financial reporting process.
3. Review with management and the independent auditor the adequacy and effectiveness of the Company's accounting and financial controls and the adequacy and timeliness of its financial reporting processes.
4. Review with management and the independent auditor the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.
5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.
6. Review the Company's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Company, including consideration of the independent auditor's judgment about the quality and appropriateness of the Company's accounting policies. This review may include discussions with the independent auditor without the presence of management.
8. Review with management and the independent auditor significant related party transactions and potential conflicts of interest.
9. Pre-approve all non-audit services to be provided to the Company by the independent auditor.
10. Monitor the independence of the independent auditor by reviewing all relationships between the independent auditor and the Company and all non-audit work performed for the Company by the independent auditor.
11. Establish and review the Company's procedures for the:
  - receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and
  - confidential and anonymous submissions by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.
12. Conduct or authorize investigations into any matters that the Committee believes is within the scope of its responsibilities. The Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Company.

13. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of Multilateral Instrument 52-110 of the Canadian Securities Administrators, the Business Companies Act (British Columbia) and the articles of the Company.

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

The Audit Committee is comprised of the following members of the Board:

| <b>Name</b>  | <b>Independent</b> | <b>Financial Literacy</b> |
|--------------|--------------------|---------------------------|
| Dallas Hack  | No                 | Yes                       |
| Paul Blunden | Yes                | Yes                       |

### **Relevant Education and Experience**

In addition to each member's general business experience, the following describes the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities:

*Dallas Hack* – Colonel Dallas Hack has led a decorated medical and military career. Prior to his service with the United States Army Medical Research and Materiel Command (USAMRMC), he developed a background in computer sciences and engineering, and served as Vice President for several biomedical companies. As a brain injury expert, he directed the Company Casualty Care Research Program (CCCRP) at USAMRMC, where he was accountable for coordinating traumatic brain injury (TBI) research and technology across all Department of Defense groups. From 2008 to 2014, he oversaw projects that received over \$2 billion in grant funding to advance TBI research and technology. His other appointments include Command Surgeon for the Multinational Force in Iraq and, up until his retirement in 2015, Senior Medical Advisor to the Principal Assistant, Research and Technology, USAMRMC.

*Paul Blunden* - Dr. Blunden is a board certified physician in obstetrics and gynecology with over twenty years in practice. Currently acting as the vice president and partner of a large multi-million dollar multi-provider practice servicing urban, suburban and rural patients. Mr. Blunden has previously served as a department chairman for a major health system and has been a member of the executive leadership committee focused on fiscal management, quality improvement and recruiting. Mr. Blunden specializes in both Micro and Macro level managerial decision making with an emphasis on patient care and efficient business/medical coalescing.

### **Reliance on Certain Exemptions**

The Company is relying on the exemption provided in section 6.1 of NI 52-110 as the Company is a "venture issuer" and is exempt from the requirements of Part 5 (*Reporting Obligations*) of NI 52-110.

### **Audit Committee Oversight**

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

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

The Audit Committee charter provides for the Audit Committee to establish the auditors' fees. Such fees have been based upon the complexity of the matters in question and the time incurred by the auditors. Management of the Company believes that the fees negotiated in the past with the auditors of the Company were reasonable in the circumstances and would be comparable to fees charged by other auditors providing similar services.

### **External Auditor Service Fees**

The following table sets forth the aggregate fees billed to the Company by Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants for services rendered in the fiscal years ended December 31, 2018 and 2017.

| Service                       | Fiscal Year Ended<br>December 31, 2018<br>(\$) | Fiscal Year Ended<br>December 31, 2017<br>(\$) |
|-------------------------------|--|--|
| Audit fees <sup>(1)</sup>     | \$37,500                                       | \$20,000                                       |
| Audit-related fees            | \$15,000                                       | \$400  |
| Tax fees <sup>(2)</sup>       | \$0  | \$0  |
| All other fees <sup>(3)</sup> | \$0  | \$0  |

Notes:

- (1) Audit and review services included quarterly reviews, audits and consultation work.
- (2) Tax services included tax compliance, tax advice and tax planning.
- (3) Other fees included expenses reimbursed for services rendered to the Company and its services, other than the services described above.

### **Other Board Committees**

The Board has no committees other than the Audit Committee.

### **ASSESSMENTS**

The Board does not have any formal policies to evaluate the effectiveness of the Board, the Audit Committee and the individual directors. The Board may appoint a special committee of the directors to evaluate the Board, its committees and assess the contribution of its individual directors and to recommend any modifications to the functioning and governance of the Board and its committees. To date, the Board has not appointed any such special committees of directors to perform such analysis.

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

No individual who is or, at any time during the most recently completed financial year, was a director or executive officer of the Company, and no person who is a proposed nominee for election as a director of the Company, and no associate of any such director, executive officer or proposed nominee is, or at any time since the beginning of the last completed financial year, was indebted to the Company or any of its subsidiaries.

### **MANAGEMENT CONTRACTS**

To the best of the knowledge of the directors and officers of the Company, management functions of the Company are not, to any substantial degree, performed by a person other than the directors and senior officers of the Company.

### **INTERESTS OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON AND INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Management is not aware of any material interest, direct or indirect, of any "informed person" of the Company, insider of the Company, proposed director, 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. An "**informed person**" means: (i) a director or executive officer of the Company or of a subsidiary of the Company; (ii) 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 carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company; (iii) a director or officer of a company that is itself an informed person of the Company or of a subsidiary of the Company or (iv) any person who has been a director or officer of the Company at any time since the beginning the Company's last fiscal year.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company may be obtained by accessing the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at 409 – 221 West Esplanade, North Vancouver, BC, V7M 3J3 to request copies of the Company's financial statements and management's discussion and analysis, free of charge.

Financial information is provided in the Company's financial statements and management's discussion and analysis for its most recently completed financial year.

### **APPROVAL**

The contents and the sending of this Circular have been approved by the Board.

**DATED** at the City of Vancouver, British Columbia, as of the 8<sup>th</sup> day of January, 2020.

By Order of the Board of Directors  
of **CVR MEDICAL CORP.**

(signed) "Dallas Hack"  
Dallas Hack  
Director, CEO and CFO