



**NanoXplore Inc.  
Notice of Annual and Special Meeting of  
Shareholders And  
Management Proxy Circular**

NanoXplore Inc. annual and special meeting of shareholders will be held on Monday, November 19, 2018 at 10:00 a.m., at 1, Place Ville Marie, 40<sup>th</sup> Floor, Montréal, Québec H3B 4M4.

Shareholders may exercise their rights by attending the Meeting or by completing a Form of Proxy.

**YOUR VOTE AS A SHAREHOLDER IS IMPORTANT**



**4000 – 1 Place Ville-Marie  
Montréal, Québec  
H3B 4M4 Canada**

**NOTICE is hereby given that the annual and special meeting of the shareholders of NanoXplore Inc.** (the “**Corporation**” or “**NanoXplore**”) will be held at the offices of Lavery, de Billy, L.L.P., 40<sup>th</sup> Floor, 1 Place Ville Marie, Montréal, Québec, Canada, on Monday, November 19, 2018 at 10:00 a.m. (Eastern Standard Time) (the “**Meeting**”), for the following purposes:

1. to receive the financial statements of the Corporation for the fiscal year ended June 30, 2018, together with the report of the auditors thereon (collectively, the “**Financial Statements**”);
2. to elect the directors of the Corporation for the ensuing year;
3. to appoint auditors of the Corporation for the ensuing year and to authorize the directors to fix their remuneration;
4. to consider and, if deemed appropriate, to approve a special resolution (the “**Special Resolution**”) for the purpose of amending the articles of the Corporation, allowing the appointment of additional directors during the year; and
5. to transact such further and other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

The management proxy circular and a proxy form for the Meeting are enclosed herewith. Additional information relating to the matters to be put before the Meeting is set forth in the management proxy circular which accompanies this notice.

DATED at Montréal, Québec, this 12th day of October 2018.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(s) Soroush Nazarpour*  
Soroush Nazarpour  
President and Chief Executive Officer

**IMPORTANT**

**Holders of shares may exercise their rights by attending the Meeting or by completing a Proxy Form.** Those who are unable to attend the Meeting in person are urged to complete and sign the enclosed Proxy Form and return it to TSX Trust Company by mail at 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1, or by fax to 1-416-595-9593 before 5:00 p.m. on Thursday, November 15, 2018 or two business days before the commencement of any adjournment of the Meeting. A person appointed as proxy need not be a shareholder of the Corporation.

**The Corporation urges shareholders to review the meeting materials before voting.**



## Management Proxy Circular Annual and Special Meeting of Shareholders

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### REGISTERED SHAREHOLDERS

You will have received a form of proxy ("**Proxy Form**") from NanoXplore Inc.'s (the "**Corporation**") transfer agent, TSX Trust Company ("**TSX Trust**"). Complete, sign and mail your Proxy Form in the postage prepaid envelope provided or fax it to the number indicated on the form.

### NON-REGISTERED SHAREHOLDERS

Your shares are held in the name of an intermediary (securities broker, trustee or other financial institution). You will have received a request for voting instructions from such intermediary. Follow the instructions on your voting instruction form to vote by telephone or fax, or complete, sign and mail the voting instruction form in the postage prepaid envelope provided. **To vote in person at the meeting, see the box on page 3 of this management proxy circular (the "Management Proxy Circular").**

## PROXY VOTING

### Who is soliciting my proxy?

**The enclosed Proxy Form is being solicited by the management of the Corporation** in connection with the annual and special meeting of shareholders (the "**Meeting**") to be held on November 19, 2018 and at every adjournment thereof, and the associated costs will be borne by the Corporation. The solicitation of proxies will be primarily by mail, but may be by telephone or other personal contact by directors of the Corporation (the "**Directors**"), such Directors receiving no compensation for the solicitation of proxies. The Corporation shall, upon request, reimburse brokerage firms and other custodians for their reasonable expenses in forwarding proxies and related material to beneficial owners of shares of the Corporation.

### How do I vote?

If you are a registered shareholder, you may vote in person at the Meeting or you may sign the enclosed Proxy Form appointing the named persons or some other person you choose, who need not be a shareholder, to represent you as proxyholder and vote your common shares in the capital of the Corporation ("**Common Shares**") at the Meeting. If your Common Shares are held in the name of an intermediary, please see the box on page 3 for voting instructions.

### What if I plan to attend the Meeting and vote in person?

If you are a registered shareholder and plan to attend the Meeting on November 19, 2018 and wish to vote your Common Shares in person at the Meeting, do not complete or return the Proxy Form. Your vote will be taken and counted at the Meeting. Please register with the transfer agent, TSX Trust, upon arrival at the Meeting. If your Common Shares are held in the name of an intermediary, please see the box on page 3 for voting instructions.

## What am I voting on?

Shareholders will be asked to vote on the following matters:

1. **the election of Directors to the Board of Directors of the Corporation for the ensuing year;**
2. **the appointment of auditors for the Corporation for the ensuing year and on the authorization for the Directors to fix their remuneration;**
3. **the approval of a special resolution for the purpose of amending the articles of the Corporation, allowing the appointment of additional directors during the year (the “Special Resolution”); and**
4. **any such other business as may properly be brought before the Meeting or at any adjournment thereof.**

For further information, please refer to the heading “Agenda for Shareholders’ Meeting”.

Other than as specifically discussed under the heading “Agenda for Shareholders’ Meeting”, no Director or executive officer, past, present or nominated hereunder, or any associate or affiliate of such persons, or any person on behalf of whom this solicitation is made, has any interest, direct or indirect, in any matter to be acted upon at the Meeting, except that such persons may be directly involved in the normal business of the Meeting or the general affairs of the Corporation.

## What if I sign the Proxy Form enclosed with this Management Proxy Circular?

Signing the enclosed Proxy Form gives authority to Soroush Nazarpour or Luc Veilleux, each of whom is an officer of the Corporation, or to another person you have appointed, to vote your Common Shares at the Meeting.

## Can I appoint someone other than these Directors to vote my Common Shares?

**Yes. Write the name of this person, who need not be a shareholder, in the blank space provided in the Proxy Form.** 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 Common Shares. Proxy holders should, upon arrival at the Meeting, present themselves to a representative of TSX Trust.

## What do I do with my completed Proxy Form?

Return it to the Corporation’s transfer agent, TSX Trust, by mail at 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1, or by fax to 1-416-595-9593, **no later than 5:00 p.m. (Eastern Standard Time) on November 15, 2018.** This will ensure that your vote is recorded.

## If I change my mind, can I take back my proxy once I have given it?

Yes. If you change your mind and wish to revoke your proxy, prepare a written statement to this effect. The statement must be signed by you or your attorney as authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney of the corporation duly authorized. This statement must be delivered at the above-mentioned registered office of TSX Trust, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, and upon either of such deposits the proxy is revoked.

## How will my Common Shares be voted if I give my proxy?

The Common Shares represented by your Proxy Form will be voted or withheld from voting in accordance with your instruction on the Proxy Form on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. If you have not specified how to vote on a particular matter, or if any amendments are proposed to any matter, or if other matters are properly brought before the Meeting, then, in each case, your proxyholder can vote your Common Shares as your proxyholder sees fit. Management knows of no such amendments or other matters to come before the Meeting other than the matters referred to in the notice of annual meeting (“Notice”).

If you properly complete and return your Proxy Form appointing representatives of management of the Corporation as your proxy but do not specify how you wish the votes to be cast, your Common Shares will be voted:

- (a) **FOR** the election of directors nominated by management;
- (b) **FOR** the appointment of PricewaterhouseCoopers LLP as auditors for the ensuing year and the authorization of the directors to fix their remuneration;
- (c) **FOR** the approval of the Special Resolution; and
- (d) **at the discretion of management, on any other matter which may properly come before the Meeting.**

**How many Common Shares are entitled to vote?**

As of October 12, 2018 (the “**Record Date**”), there are 93,664,700 Common Shares issued and outstanding, each of which is entitled to one vote at the Meeting. Only shareholders registered at the close of business on the Record Date are entitled to receive notice of and to vote at the Meeting unless after that date a shareholder of record transfers his Common Shares and the transferee, upon producing properly endorsed certificates evidencing such Common Shares or otherwise establishing that he owns the Common Shares, requests no later than 10 days before the Meeting that the transferee's name be included on the list of shareholders entitled to vote, in which case such transferee is entitled to vote such Common Shares at the Meeting.

**Who counts the votes?**

The Corporation's transfer agent, TSX Trust, counts and tabulates the proxies. This is done independently of the Corporation. Proxies are referred to the Corporation 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.

**If I need to contact the transfer agent, how do I reach them?**

For general shareholder enquiries, you can contact the transfer agent:

by mail: TSX Trust Company  
100 Adelaide Street West, Suite 301  
Toronto, Ontario, M5H 4H1

or by telephone: 1-866-600-5869 (within North America) or 1-416-342-1091 (outside North America)

or by email: [tmxeinvestorservices@tmx.com](mailto:tmxeinvestorservices@tmx.com)

or by fax: 1-416-361-0470

**If my Common Shares are not registered in my name but are held in the name of an intermediary (a bank, trust corporation, securities broker, trustee or other), how do I vote my Common Shares?**

These beneficial owners of Common Shares (the “**Beneficial Owners**”) must be aware of the fact that only proxies filed by shareholders whose names appear in the Corporation’s book as registered holders of Common Shares may be recognized and may benefit from the right to vote at the Meeting. The voting rights attached to the Common Shares held by an intermediary may be exercised by the intermediary, on behalf of the Beneficial Owner, only according to the Beneficial Owner’s specific instructions, which must be obtained before the Meeting. Each Intermediary has its own rules concerning the mailing and forwarding of voting instruction forms, notices of meeting, proxy circulars as well as all other documents sent to shareholders for a meeting. The intermediary is prohibited from exercising the voting rights attached to the Common Shares of its clients without specific voting instructions.

In accordance with the requirements of *Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators, the Corporation has elected to send the notice of Meeting, this Management Proxy Circular and the Proxy Form directly to the non-objecting Beneficial Owners (the “**NOBOs**”). The intermediaries are responsible for forwarding these documents to each NOBO who has objected to his intermediary disclosing ownership information about himself (the “**OBO**”), unless that OBO has waived the right to receive them.

There are two ways you can vote your Common Shares held by your intermediary. As required by Canadian securities legislation, you will have received from your intermediary either a request for voting instructions or a form of proxy for the number of Common Shares you hold. For your Common Shares to be voted for you, please follow the voting instructions provided by your intermediary. Since the Corporation has limited access to the names of its Beneficial Owners, if you attend the Meeting, the Corporation may have no record of your shareholdings or your entitlement to vote unless your intermediary has appointed you as proxyholder. Therefore, if you wish to vote in person at the Meeting, insert your own name in the space provided on the request for voting instructions or form of proxy and return same by following the instructions provided. You can also write the name in the space provided thereof of someone else whom you wish to attend the Meeting and vote on your behalf. Do not otherwise complete the form as your vote will be taken at the Meeting. Please register with the transfer agent, TSX Trust, upon arrival at the Meeting.

**PRINCIPAL HOLDERS OF VOTING SECURITIES**

To the knowledge of the Directors and officers of the Corporation, as at the Record Date, the only persons, firms or corporations who beneficially own, or control or direct, directly or indirectly, over voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation, are as follows:

Shareholder Name	Number of Common Shares	Percentage of Issued Common Shares
Mason Graphite Inc.	21,077,222	22.5%
Soroush Nazarpour	16,063,258	17.1%

**AGENDA FOR SHAREHOLDERS' MEETING  
ELECTION OF DIRECTORS**

The board of directors of the Corporation (the “**Board of Directors**” or the “**Board**”) currently consists of four members. The articles of the Corporation currently provide for a minimum of three and a maximum of 12 directors. It is contemplated that five directors will be elected at the Meeting.

The five nominees named hereunder will be proposed for election as Directors of the Corporation. All proposed nominees have served continuously as Directors of the Corporation since their appointment or first election in such capacity. Management does not contemplate that any nominee will be unable or

unwilling to serve as a director. Each Director elected will hold office until the next annual meeting of shareholders or until a successor is duly elected or appointed, unless he ceases to hold office pursuant to the *Canada Business Corporations Act*, or his office is vacated earlier pursuant to the By-laws of the Corporation.

The following table sets forth certain information concerning the Directors of the Corporation seeking election, including their beneficial ownership of Common Shares of the Corporation as at the Record Date. Unless otherwise indicated, each nominee holds sole voting and investment power over his Common Shares.

Name and Municipality of Residence	Positions and Offices held within the Corporation	Director Since	Principal Occupation	Number and Percentage of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly
Benoît Gascon <sup>(1)(2)</sup> Montréal, Québec, Canada	Chairman of the Board	August 2017	Chairman of the Board of the Corporation; Chief Executive Officer of Mason Graphite Inc.	18,289 0.019%
Soroush Nazarpour Montréal, Québec, Canada	Director, President and Chief Executive Officer	August 2017	President and Chief Executive Officer of the Corporation	16,063,258 17.1%
Cameron Harris <sup>(1)(2)</sup> Etobicoke, Ontario, Canada	Director	August 2017	Director of the Corporation; President of Canadian Engineering Associates	1,040,390 1.11%
Denis Labrecque <sup>(1)</sup> Trois-Rivières, Québec, Canada	Director	August 2017	Director of the Corporation	18,289 0.019%
Arinder S. Mahal Toronto, Ontario, Canada	Proposed director	---	Founder and CEO of Antera Inc., a technology focused merchant bank and advisory firm.	-

Notes:

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee

The total number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by the senior management and Directors of the Corporation as a group, to our knowledge, is 17,231,671 or approximately 18.40% of the Common Shares issued and outstanding as at the Record Date.

All of the proposed nominees were elected to their present term of office by the shareholders of the Corporation at a meeting in respect of which the Corporation circulated to shareholders a management proxy circular, except for Arinder S. Mahal, who is proposed as director of the Corporation.

Arinder S. Mahal is the Founder and CEO of Antera Inc., a technology focused merchant bank based in Toronto. He is also the founder and CEO of Synoptim Advisory Corp., a corporate and business advisory firm. Arinder is a former managing director and head of technology investment banking of Echelon Wealth Partners Inc. and Dundee Capital Markets (now Eight Capital). He has also held senior executive and board advisor positions at a number of technology companies in Canada and US. Prior to that, he was a senior manager with Deloitte Consulting providing management consulting services in the areas of corporate strategy, M&A, and finance to Canadian and Global telecom and technology companies. He has a Bachelor's of Engineering degree from the University of Victoria and a MBA from Schulich School of Business, York University. He is also a chartered financial analyst (CFA).

**Unless such authority is withheld, the persons named in the enclosed proxy form intend to vote at the Meeting FOR the election of these nominees. The proposal requires the approval of a majority of the votes cast by the holders of Common Shares present in person or represented by proxy at the Meeting.**

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

To the best of the Corporation's knowledge, after having made due inquiry, the Corporation confirms that no proposed Director of the Corporation:

- (a) is, as at the date hereof, or has been, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company, including the Corporation, that while that person was acting in that capacity:
  - (i) was subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
  - (ii) was subject to an event that resulted, after the proposed director ceased to be a director, chief executive officer or chief financial officer, in the company being the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) is, as at the date hereof, or has been, within the 10 years before the date hereof, a director or executive officer of any company, including the Corporation, 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 hereof, 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; and
- (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, nor 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 investor in deciding whether to vote for a proposed Director.

### **REAPPOINTMENT OF AUDITORS**

Management proposes PricewaterhouseCoopers LLP, as auditors of the Corporation for the current financial year to hold office until the next annual meeting of shareholders of the Corporation and to authorize the Directors to fix their remuneration. PricewaterhouseCoopers LLP have been auditors of the Corporation since September 4, 2014.

**Unless instructions are given to abstain from voting with regard to the appointment of the auditors, the persons named in the enclosed proxy form intend to vote at the Meeting FOR the appointment of PricewaterhouseCoopers LLP, as auditors of the Corporation for the current financial year and authorize the Directors to fix their remuneration. The proposal requires the approval of a majority of the votes cast by the holders of Common Shares present in person or represented by proxy at the Meeting.**

### **AMENDMENT TO ARTICLES**

Shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, a special resolution (the "**Special Resolution**"), in the form set forth below, subject to such amendments, variations or additions as may be approved at the Meeting amending the articles of the Corporation:

“BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE SHAREHOLDERS:

THAT the articles of the Corporation be amended to include provisions to the effect that the Board of Directors may, at its discretion, appoint one or more directors, who shall hold office for a term expiring no later than the close of the annual meeting of shareholders following their appointment, provided that the total number of directors so appointed may not exceed one-third of the number of directors elected at the annual meeting of shareholders preceding their appointment; and

THAT any director or officer of the Corporation be, and each of them is hereby, authorized and directed, for and in the name of and on behalf of the Corporation, to execute and deliver or cause to be executed and delivered Articles of Amendment under the *Canada Business Corporations Act* and to execute and deliver or cause to be executed and delivered all documents, and to take any action, which, in the opinion of that person, is necessary or desirable to give effect to this special resolution.”

To be effective, the Special Resolution must be approved by not less than two-thirds of the votes cast by the shareholders present in person or represented by proxy, at the Meeting.

**The Board of Directors recommend the adoption of the Special Resolution. Unless the enclosed proxy form states otherwise, the persons named therein of proxy will vote FOR the approval of the Special Resolution.**

#### OTHER MATTERS

Management of the Corporation knows of no other matters to come before the Meeting other than those referred to in the Notice. Should any other matters properly come before the Meeting, the Common Shares represented by the Proxy Form solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting by proxy.

#### COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

##### Named Executive Officer and Director Compensation, excluding Compensation Securities

As of the end of its most recently completed financial year, the Corporation was a “venture issuer”, as defined under Regulation 51-102 *respecting Continuous Disclosure Obligations* (“**Regulation 51-102**”).

Accordingly, the following table sets forth information required under Form 51-102F6V – Statement of Executive Compensation – Venture Issuers (the “**Form 51-102F6V**”) of Regulation 51-102 concerning all compensation paid, made payable, awarded, granted, gave or otherwise provided for the two most recently completed financial years to all persons acting as Named Executive Officers (as defined herein) and Director for services provided to the Corporation and its subsidiaries during the financial year ended June 30, 2018. These amounts include the annual base salary and certain other forms of remuneration, the payment having been made or postponed. “Named Executive Officers” means the following persons:

- a) the Chief Executive Officer;
- b) the Chief Financial Officer;
- c) the most highly compensated executive officer, other than the Chief Executive Officer and Chief Financial Officer, who was serving as executive officer at the end of the most recently completed financial year and whose total compensation exceeded \$150,000; and
- d) each individual for whom disclosure would have been provided under (c), except that the individual was not serving as an executive officer of the Corporation at the end of the most recently completed financial year.

Table of Compensation excluding Compensation Securities							
Name and Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus <sup>(14)</sup> (\$)	Committee or Meeting Fees <sup>(1)</sup> (\$)	Value of Perquisites <sup>(2)</sup> (\$)	Value of all Other Compensation <sup>(3)</sup> (\$)	Total Compensation (\$)
Benoît Gascon Chairman of the Board <sup>(4)</sup>	2018	Nil	Nil	Nil	Nil	Nil	Nil
Soroush Nazarpour Chief Executive Officer, President and Director <sup>(5)</sup>	2018	233,333	225,000	Nil	Nil	Nil	458,333
Cameron Harris Director <sup>(6)</sup>	2018	Nil	Nil	Nil	Nil	Nil	Nil
Denis Labrecque Director <sup>(7)</sup>	2018	Nil	Nil	Nil	Nil	Nil	Nil
Luc Veilleux Chief Financial Officer <sup>(8)</sup>	2018	107,250	90,000	Nil	Nil	Nil	197,250
Paul Higgins Chief Operation Officer <sup>(15)</sup>	2018	181,955	Nil	Nil	Nil	Nil	181,955
Berthe Lambert Previous Chief Executive Officer, President and Secretary <sup>(9)</sup>	2017 2018	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Marie-Josée Têtu Previous Chief Financial Officer <sup>(10)</sup>	2017 2018	1,778 550	Nil Nil	Nil Nil	Nil Nil	Nil Nil	1,778 550
Gilles Roy Previous Director <sup>(11)</sup>	2017 2018	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Chantal Guillemette Previous Director <sup>(12)</sup>	2017 2018	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Richard-Marc Lacasse Previous Director <sup>(13)</sup>	2017 2018	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil

## Notes:

- (1) Annual retainer and fees paid to the Directors or Named Executive Officers.
- (2) Value of perquisites is indicated only if such perquisites are not generally available to all employees of the Corporation, are not integrally and directly related to the performance of the Director or Named Executive Officer's duties and that, in aggregate, are greater than: a) \$15,000, if the Named Executive Officer or Director's total salary for the financial year is \$150,000 or less, b) 10% of the Named Executive Officer or Director's salary for the financial year, if the Named Executive Officer or Director's total salary for the financial year is greater than \$150,000 but less than \$500,000, or c) \$50,000, if the Named Executive Officer or Director's total salary for the financial year is \$500,000 or greater.
- (3) The Corporation does not offer any pension plan or defined benefit or contribution plans in favor of its Named Executive Officers and Directors.
- (4) Mr. Gascon became Chairman of the Board of the Corporation on August 29, 2017.
- (5) Mr. Nazarpour became Chief Executive Officer, President and Director of the Corporation on August 29, 2017.
- (6) Mr. Harris became Director of the Corporation on August 29, 2017.
- (7) Mr. Labrecque became Director of the Corporation on August 29, 2017.
- (8) Mr. Veilleux became Chief Financial Officer of the Corporation on August 29, 2017.
- (9) Mr. Lambert ceased to be the Chief Executive Officer, President and Secretary of the Corporation as of August 29, 2017.
- (10) Ms. Têtu ceased to be the Chief Financial Officer of the Corporation as of August 29, 2017.
- (11) Mr. Roy ceased to be Director of the Corporation as of August 29, 2017.
- (12) Ms. Guillemette ceased to be Director of the Corporation as of August 29, 2017.
- (13) Mr. Lacasse ceased to be Director of the Corporation as of August 11, 2017.
- (14) Bonus of \$125,000 and \$40,000 have been paid for the financial year ended June 30, 2017 for Mr. Nazarpour and Mr. Veilleux respectively and \$100,000 and 50,000 have been accrued for the financial year ended June 30, 2018 to Mr. Nazarpour and Mr. Veilleux respectively.
- (15) Mr. Paul Higgins became Chief Operation Officer of the Corporation on August 29, 2017 but ceased to be on April 30, 2018.

## Stock Options and Other Compensation Securities

The following table sets forth all compensation securities granted or issued to each Named Executive Officer and Directors by the Corporation or its subsidiaries in the most recently completed financial year ended June 30, 2018 for services provided or to be provided, directly or indirectly, to the Corporation or its subsidiaries.

Compensation Securities							
Name and Position	Type of Compensation Security (1) (2) (3) (4)	Number of Compensation Security, number of Underlying Securities, and Percentage of Class	Date of Issue or Grant	Issue, Conversion or Exercise Price (\$)	Closing Price of Security or Underlying Security on Date of Grant (\$)	Closing Price of Security or Underlying Security at Year End (\$)	Expiry Date
Benoît Gascon Chairman of the Board	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil
Soroush Nazarpour Chief Executive Officer, President and Director	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil
Cameron Harris Director	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil
Denis Labrecque Director	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil
Luc Veilleux Chief Financial Officer	Stock Options	200,000	August 29, 2017	\$0.45	\$0.45	\$1.90	August 29, 2022
Paul Higgins Chief Operation Officer	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil
Berthe Lambert Previous Chief Executive Officer, President and Secretary	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil
Marie-Josée Têtu Previous Chief Financial Officer	Stock Options	10,000	August 11, 2017	\$0.45	\$0.45	\$1.90	August 11, 2018
Gilles Roy Previous Director	Stock Options	65,647	August 11, 2017	\$0.45	\$0.45	\$1.90	August 11, 2018
Chantal Guillemette Previous Director	Stock Options	65,646	August 11, 2017	\$0.45	\$0.45	\$1.90	August 11, 2018
Richard-Marc Lacasse Previous Director	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil

### Notes:

- (1) As of June 30, 2018, the following persons held the following number of Options (as defined herein) to acquire as many Common Shares: Benoît Gascon: 80,133 Options, Cameron Harris: 80,133 Options, Denis Labrecque: 80,133 Options and Luc Veilleux: 200,000 Options

- (2) The Options have been granted pursuant to the Stock Option Plan (as defined herein) of the Corporation. Please refer to the heading "Stock Option Plan" below. In the most recently completed financial year, no Options has been re-priced, cancelled, replaced or modified.
- (3) The Board of Directors may, at its sole discretion, determine whether the stock option shall vest immediately or be subject to such vesting schedule as the Board of Directors may deem appropriate in the circumstances.
- (4) As at June 30, 2018, 617,131 outstanding stock options were exercisable without restrictions or conditions.

The following table sets forth each exercise of compensation securities by a Named Executive Officer or Director during the most recently completed financial year ended June 30, 2018.

Exercise of Compensation Securities by Directors and Named Executive Officers							
Name and Position	Type of Compensation Security	Number of Underlying Securities Exercised	Exercise Price per Security (\$)	Date of Exercise	Closing Price per Security on Date of Exercise (\$)	Difference between Exercise Price and Closing Price on Date of Exercise (\$)	Total Value on Exercise Date <sup>(1)</sup> (\$)
Benoît Gascon Chairman of the Board	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil
Soroush Nazarpour Chief Executive Officer, President and Director	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil
Cameron Harris Director	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil
Denis Labrecque Director	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil
Luc Veilleux Chief Financial Officer	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil
Paul Higgins Chief Operation Officer	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil
Berthe Lambert Previous Chief Executive Officer, President and Secretary	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil
Marie-Josée Têtu Previous Chief Financial Officer <sup>(2)</sup>	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil
Gilles Roy Previous Director <sup>(2)</sup>	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil
Chantal Guillemette Previous Director <sup>(2)</sup>	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil
Richard-Marc Lacasse Previous Director	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Calculated by multiplying the number in the column entitled "Number of Underlying Securities Exercised" by the number in the column entitled "Difference between Exercise Price and Closing Price on Date of Exercise".

(2) The beneficiary exercised his/her options, when he/she was no longer a Named Executive Officer or a Director of the Corporation..

## Stock Option Plan and Other Incentive Plans

### Stock Option Plan

On October 12, 2018, the Board of Directors established the Stock Option Plan pursuant to which options may be granted in favour of directors, officers, employees and consultants providing ongoing services to the Corporation, up to a maximum of 8,000,000 Common Shares. The exercise price, terms and conditions of the options are established by the Board of Directors, subject to the rules of the regulatory authorities having jurisdiction over the securities of the Corporation. The exercise price at the time of the grant of the options shall not be less than the closing market price of the Common Shares on the day prior to their grant. The options granted may be exercised during a period not exceeding ten years. The options are non-transferable. For any option granted under the Stock Option Plan, the Board of Directors may, at its sole discretion, determine whether such option shall vest immediately or be subject to such vesting schedule as the Board of Directors may deem appropriate in the circumstances.

The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares, and the number of common shares reserved for issuance to all consultants and persons employed in investor relations activities on behalf of the Corporation will not exceed 2% of the issued and outstanding common shares.

## Employment, Consulting and Management Agreements with the Named Executive Officers

### Summary of Material Terms

The following describes the respective consulting and employment agreements entered into by the Corporation and its Named Executive Officers as of the date hereof.

Name and Position	Yearly salary	Severance on Termination	Change of Control Bonus	Severance on Change of Control
Soroush Nazarpour President & CEO	250,000	12 months' salary	Nil	24 months base salary plus aggregate cash bonuses paid in the 24 months prior to the Change in Control in the event that the Change of Control is approved by the Board. Otherwise 24 months base fees plus aggregate cash bonuses paid in the 24 months prior to the Change in Control.
Luc Veilleux Chief Financial Officer	140,000	12 months' salary	Nil	24 months base salary plus aggregate cash bonuses paid in the 24 months prior to the Change in Control in the event that the Change of Control is approved by the Board. Otherwise 24 months base fees plus aggregate cash bonuses paid in the 24 months prior to the Change in Control.

### Estimated Incremental Payments as of June 30, 2018

Name	Termination without Cause Lump Sum	Change of Control Lump Sum
Soroush Nazarpour	\$250,000	\$625,000
Luc Veilleux	\$140,000	\$320,000
<b>Total</b>	<b>\$390,000</b>	<b>\$945,000</b>

## **Oversight and Description of Director and Named Executive Officer Compensation**

### ***Determination of Compensation***

The Board of Directors is responsible for approving compensation objectives and the specific compensation programs for policies and practices of NanoXplore. The Corporation has a compensation committee is consisted of Benoit Gascon and Cameron Harris (the "**Compensation Committee**"). The Compensation Committee is responsible for recommending, monitoring and reviewing compensation programs for senior executives. Each of the members of the Compensation Committee has experience on boards of other reporting issuers dealing with matters relating to executive compensation.

On an annual basis, the Compensation Committee evaluates the adequacy of compensation of the Directors and executive officers. After review and analysis, the Compensation Committee recommends the compensation of the Directors and executive officers to the Board for approval.

The Compensation Committee uses discretion and judgment when determining compensation levels as they apply to a specific executive officer. Individual compensation may be based on individual experience and performance or other criteria deemed important by the Compensation Committee. In order to meet NanoXplore's objectives, the Compensation Committee is guided by:

- providing executives with an equity-based incentive plan, namely a stock option plan and restricted share unit plan;
- aligning employee compensation with company corporate objectives; and
- attracting and retaining highly qualified individuals in key positions.

### ***General Principles of Executive Compensation***

NanoXplore aims to develop compensation policies that will both align the interests of its personnel with those of shareholders and allow the NanoXplore to attract and retain the best people in an increasingly competitive marketplace. To do so, NanoXplore recognizes that its compensation program must be flexible and able to adapt to as quickly as the sector in which NanoXplore evolves.

### ***Components of the Corporation's Compensation Program***

NanoXplore's compensation program consists of the following elements:

- (a) base salary and consulting fees;
- (b) short term incentive compensation comprised of objectives based and discretionary cash bonuses; and
- (c) long-term incentive compensation and stock options.

#### ***Base salary and consulting fees***

The base salary and consulting fees component are intended to provide a fixed level of competitive pay that is established at the time when an officer, employee or consultant joins NanoXplore. NanoXplore's board and/or Compensation Committee are expected to periodically review compensation levels to determine if adjustments are necessary.

#### ***Short term incentive compensation comprised of objectives based and discretionary cash bonuses***

Discretionary cash bonuses may form a part of the overall compensation program for certain employees and service providers. Eligibility and the award of cash bonuses will be dependent on the achievement of:

- (a) corporate performance thresholds; and
- (b) predetermined individual performances thresholds as well as the approval of the compensation committee and/or board of directors.

### *Stock options*

In addition to the granting of stock options to key employees and services providers, NanoXplore may also consider other long-term incentive programs to align interests and retain key personnel.

### **Pension Plan Benefits**

The Corporation does not offer any pension plan benefits to any of its Directors or Named Executive Officers.

### **Equity Compensation Plan Information**

The following table sets forth, as of June 30, 2018, the Stock Option Plan under which equity securities of the Corporation were authorized for issuance:

<b>Plan Category</b>	<b>Number of Common Shares to be Issued Upon Exercise of Outstanding Options</b>	<b>Weighted Average Exercise Price of Outstanding Options</b>	<b>Number of Common Shares Remaining Available for Future Issuance Under the Equity Compensation Plans</b>
Equity Compensation Plans of the Corporation approved by the shareholders	<b>1,317,133</b>	<b>\$0.84</b>	<b>6,682,867</b>
Equity Compensation Plans of the Corporation not approved by the shareholders	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Total:</b>	<b>1,317,133</b>	<b>\$0.84</b>	<b>6,682,867</b>

### **Indebtedness to the Corporation of Directors and Executive Officers**

As at October 12, 2018, there is no indebtedness outstanding with any Directors, executive officers, employees or former directors, executive officers or employees of the Corporation or its subsidiaries which is owing to the Corporation or a subsidiary of the Corporation, or to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or its subsidiaries, in connection with a purchase of securities or for any other matter.

During the fiscal year ended June 30, 2018, none of the Directors or executive officers of the Corporation, proposed nominees for election as a director, or any associate of the foregoing was indebted to the Corporation or any subsidiary of the Corporation.

### **Certain Relationships and Related Transactions and Interest of Informed Persons in Material Transactions**

To the knowledge of the Corporation, no informed person of the Corporation, proposed directors of the Corporation, or any associate or affiliate of said officials has had any material interest, direct or indirect, in a transaction having been concluded since the beginning of the most recently completed fiscal year or in any proposed transaction which has or would affect in a material manner the Corporation or one of its subsidiaries.

### **Management Contracts**

The management functions of the Corporation are not performed to any substantial degree by any person or company other than the directors and executive officers of the Corporation.

## AUDIT COMMITTEE INFORMATION

### Charter of the Audit Committee

The Charter of the audit committee of NanoXplore (the “**Audit Committee**”) is annexed to this Management Proxy Circular as Schedule “A”.

### Role and Composition of Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities with respect to the following: (i) in its oversight of NanoXplore's accounting and financial reporting principles and policies and internal audit controls and procedures; (ii) in its oversight of the integrity and transparency of NanoXplore's financial statements and the independent audit thereof; (iii) in selecting, evaluating and, where deemed appropriate, replacing the external auditors; (iv) in evaluating the independence of the external auditors; (v) in its oversight of NanoXplore's risk identification, assessment and management program; and (vi) in NanoXplore's compliance with legal and regulatory requirements in respect of the above. The Audit Committee is comprised of three members, the majority are independent directors of NanoXplore and are financially literate, namely: Benoit Gascon, Cameron Harris and Denis Labrecque.

### Relevant Education and Experience

Mr. Benoit Gascon, CPA, CA, the CEO of Mason Graphite, has over 20 years of experience in the Graphite & Carbon industries. He was the CEO of Stratmin Graphite which operates the Lac-des-Iles deposit; one of North America's only producing graphite mines. He was responsible for negotiating the complete take-over of Stratmin Graphite by Imerys SA, a world leader in Industrial Minerals, to form Timcal Graphite & Carbon.

Dr. Cameron Harris is the President of Canadian Engineering Associates, an engineering consultant that provides services to the global mining industry. He is a former Senior Vice President and General Manager at SNC-Lavalin, and former head of the Mining Industry Practice for North America at Accenture. He earned a PhD in Metallurgy from Imperial College in the UK. He has held a wide range of operational, technical and executive positions at world leading companies such as Noranda, Kvaerner, and Worley Parsons. Dr. Harris has been a Director for Cansolv Technology Inc. and has been previously involved in nano-materials production. He is widely published, has been symposium organizer and chair for technical conferences, and is a Distinguished Lecturer for the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), and a past Director of the Sustainable Chemistry Alliance (SCA).

Mr. Denis Labrecque is the former President of NorCap Canada Ltd. and is a Special Advisor to the President at Aliston Capital and Advisor to Keira Capital Partners Inc. Mr. Labrecque owned and successfully operated a diversified group of manufacturing companies in Canada and United States for nearly 20 years. Since 1990, he has acted as an advisor in the mid-market Merger and Acquisition business and realized some 40 transactions totaling more than \$2 billion in value with manufacturing, consumer products, distribution, utility, and services companies. His educational qualifications include a Bachelor of Business Administration, Major in Finance from Université du Québec à Trois-Rivières and Electromechanical Engineering (Instrumentation) from Devry Institute of Toronto.

The Audit Committee meets generally on a quarterly basis. The Audit Committee held four meetings in the financial year ending June 30, 2018.

### Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year have any recommendations by the Audit Committee respecting the appointment and/or compensation of the Corporation's external auditors not been adopted by the Board of Directors.

## Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of Regulation 52-110 (*De Minimis Non-Audit Services*) or an exemption from Regulation 52-110, in whole or in part, granted under Parts 6 and 8 of Regulation 52-110, other than the exemption granted under Section 6.1 of Regulation 52-110, which exempts issuers whose shares are listed only on the TSXV from the requirements of Part 3 (*Composition of Audit Committee*) and Part 5 (*Reporting Obligations*).

## Pre-Approval Policies and Procedures

The Audit Committee approves the engagement terms for all audit and non-audit services to be provided by the Corporation's auditors before such services are provided to the Corporation or any of its subsidiaries.

## External Auditor Service Fees

The fees charged to the Corporation by its external auditor in each of the last two financial years are as follows:

	2018	2017
Audit Fee <sup>(1)</sup>	\$197,596	\$9,075
Audit-Related Fees	\$9,765	\$9,765
Tax Fees <sup>(2)</sup>	\$14,087	\$7,087
Other	Nil	Nil
<b>Total</b>	<b>\$221,448</b>	<b>\$25,927</b>

Notes:

- (1) Includes billing (or estimate) related to the work done on the audit for the fiscal year ending June 30, 2017 or June 30, 2018.
- (2) Such amounts relate to tax and accounting implications of specific transactions.

## CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Corporation considers good corporate governance to be important to the effective operations of the Corporation and to ensure that the Corporation is managed so as to enhance shareholder value. The Board of Directors is responsible for ensuring that the Corporation addresses all relevant corporate governance issues in compliance with the corporate governance guidelines set forth in Policy Statement 58-201 - *Corporate Governance Guidelines* of the Canadian Securities Administrators.

## Board of Directors

The Board is responsible for approving long-term strategic plans and annual operating plans and budgets recommended by management. The Board's consideration and approval is also required for material contracts and business transactions, and all debt and equity financing transactions. The Board delegates to management responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on NanoXplore's business in the ordinary course, managing NanoXplore's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans and annual operating plans.

NI 52-110 sets out the standard for director independence. Under NI 52-110, a director is independent if he or she has no direct or indirect material relationship with NanoXplore. A material relationship is a relationship which could, in the view of the NanoXplore Board, be reasonably expected to interfere with the exercise of a director's independent judgment. NI 52-110 also sets out certain situations where a director will automatically be considered to have a material relationship with NanoXplore. Applying the definition set out in NI 52-110, the following members of the NanoXplore Board are independent: Cameron Harris and Denis Labrecque.

The independent directors do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. However, where deemed necessary by the independent directors, the independent directors do hold in-camera sessions exclusive of non-independent directors and members of management, which process will facilitate open and candid discussion amongst the independent directors.

### **Directorships**

The following Director of the Corporation is also director of another reporting issuer, as follows:

<b>Director</b>	<b>Reporting Issuers</b>
Benoît Gascon	Mason Graphite Inc. (TSX Venture)

### **Orientation and Continuing Education**

The Board of Directors of the Corporation takes the following steps to ensure that all new directors receive orientation regarding the role of the Board, its committees and its Directors, and the nature and operation of the Corporation: Reports and other documentation relating to the Corporation's business and affairs are provided to new Directors. Board meetings are held at the Corporation's main site to give the Directors additional insight into the Corporation's business and operations.

Orientation and education of Directors is an ongoing matter. As such, ongoing informal discussions between management and members of the Board are encouraged and visits to the Corporation's operations are organized.

### **Ethical Business Conduct**

The Corporation is committed to promote the highest standard of ethic and integrity in the pursuance of all of its activities. Furthermore, the Directors, officers and employees of the Corporation are expected to act and to hold their office within the best interests of the Corporation. The Corporation expects that all Directors shall act in compliance of all laws and regulations applicable to their office as Director of the Corporation.

### **Nomination of Directors**

The Board of Directors of the Corporation does not feel it is necessary to increase the number of Directors on the Board at this time.

Any new appointee or nominee to the Board of Directors must have a favourable track record in general business management, special expertise in areas of strategic interest to the Corporation, the ability to devote the time required and a willingness to serve as a Director.

## **Compensation**

On an annual basis, the Compensation Committee evaluates the adequacy of compensation of the Directors and executive officers. After review and analysis, the Compensation Committee recommends the compensation of the Directors and executive officers to the Board for approval.

## **Assessments**

The Board does not formally review the contributions of individual directors; however, it believes that its current size facilitates informal discussion and evaluation of members' contributions within that framework.

## **AVAILABILITY OF DOCUMENTS**

Additional information relating to the Corporation is available on the web site of the System for Electronic Document Analysis and Retrieval (SEDAR), at the following address: [www.sedar.com](http://www.sedar.com).

The financial information is provided in the Corporation's financial statements and the management's discussion and analysis for the year ended June 30, 2018.

## **APPROVAL OF CIRCULAR**

The Board of Directors of the Corporation has approved the contents of the Management Proxy Circular and its sending to the shareholders.

DATED at Montréal, Québec, this 12th day of October, 2018.

## **NANOXPLORE INC.**

Per: (s) Soroush Nazarpour  
Soroush Nazarpour  
President and Chief Executive Officer

## SCHEDULE "A"

### AUDIT COMMITTEE CHARTER

#### 1. PURPOSE

- 1.1 The primary functions of the Audit Committee of NanoXplore Inc. (the "Corporation") are to fulfill its responsibilities in relation to reviewing the integrity of the Corporation's financial statements, financial disclosures and internal controls over financial reporting; monitoring the system of internal control; monitoring the Corporation's compliance with legal and regulatory requirements; selecting the external auditors for shareholder approval; and reviewing the qualifications, independence and performance of the external auditors.

#### 2. MEMBERSHIP AND ORGANIZATION

- 2.1 **Composition** - Subject to paragraph 2.6, the Audit Committee shall consist of not less than three independent members of the Board. At the invitation of the Audit Committee, members of the Corporation's management and others may attend Audit Committee meetings as the Audit Committee considers necessary or desirable.
- 2.2 **Appointment and Removal of Audit Committee Members** - Each member of the Audit Committee shall be appointed by the Board on an annual basis and shall serve at the pleasure of the Board, or until the earlier of (a) the close of the next annual meeting of shareholders of the Corporation at which the member's term of office expires, (b) the death of the member or (c) the resignation, disqualification or removal of the member from the Audit Committee or from the Board. The Board may fill a vacancy in the membership of the Audit Committee.
- 2.3 **Chair** - At the time of the annual appointment of the members of the Audit Committee, the Board shall appoint a Chair of the Audit Committee. The Chair shall be a member of the Audit Committee, preside over all Audit Committee meetings, coordinate the Audit Committee's compliance with this mandate, work with management to develop the Audit Committee's annual work-plan and provide reports of the Audit Committee to the Board. The Chair may vote on any matter requiring a vote and shall provide a second vote in the case of a tie vote.
- 2.4 **Independence** - Subject to paragraph 2.6, each member of the Audit Committee shall be an "independent" (as such term is used in National Instrument 52-110 - Audit Committees ("NI 52-110")).
- 2.5 **Financial Literacy** - Subject to paragraph 2.6, members of the Audit Committee shall be financially literate or agree to become financially literate within a reasonable period of time following the member's appointment. 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 Corporation's financial statements.
- 2.6 **Venture Issuer** - For so long as the Corporation is a "venture issuer" as defined in NI 52-110, it is not required to comply with the provisions of paragraph 2.1 "Composition", 2.4 "Independence" or 2.5 "Financial Literacy" above. In the event the Corporation cannot comply with all or a part of these provisions, then the Committee shall be comprised of not less than three members of the Board, a majority of whom are not officers or employees of the Corporation or a subsidiary of the Corporation.

### 3. MEETINGS

- 3.1 Meetings** - The members of the Audit Committee shall hold meetings as are required to carry out this mandate, and in any case no less than four meetings annually. The external auditors are entitled to attend and be heard at each Audit Committee meeting. The Chair, any member of the Audit Committee, the external auditors, the Chairman of the Board or the President and CEO may call a meeting of the Audit Committee. The Chair shall chair all Audit Committee meetings that he or she attends, and in the absence of the Chair, the members of the Audit Committee present may appoint a Chair from their number for a meeting.
- 3.2 Secretary and Minutes** - The Secretary, his or her designate or any other person the Audit Committee requests, shall act as secretary at Audit Committee meetings. Minutes of Audit Committee meetings shall be recorded and maintained by the Corporate Secretary and subsequently presented to the Audit Committee for approval.
- 3.3 Quorum** - A majority of the members of the Audit Committee shall constitute a quorum. If a quorum cannot be obtained for an Audit Committee meeting, members of the Board who would qualify as members of the Audit Committee may, at the request of the Chair or the Chairman of the Board, serve as members of the Audit Committee for that meeting.
- 3.4 Access to Management and Outside Advisors** - The Audit Committee shall have unrestricted access to management and employees of the Corporation, and, from time to time may hold meetings with the external auditor, the CFO or the President and CEO. The Audit Committee shall have the authority to retain and terminate external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective compensation for these advisors without consulting or obtaining the approval of the Board or any officer of the Corporation. The Corporation shall provide appropriate funding, as determined by the Audit Committee, for the services of these advisors.
- 3.5 Meetings Without Management** - The Audit Committee shall hold unscheduled or regularly scheduled meetings, or portions of regularly scheduled meetings, at which management is not present.

### 4. FUNCTIONS AND RESPONSIBILITIES

The Audit Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Audit Committee by the Board. In addition to these functions and responsibilities, the Audit Committee shall perform the duties required of an audit committee by applicable corporate securities laws, the binding requirements of the stock exchanges on which the securities of the Corporation are listed, and all other applicable laws.

#### 4.1 Financial Reports

- (a) **General** - The Audit Committee is responsible for reviewing the integrity of the Corporation's financial statements and financial disclosures. Management is responsible for the preparation, presentation and integrity of the Corporation's financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by the Corporation. The external auditors are responsible for auditing the Corporation's annual consolidated financial statements and, if requested by the Corporation, for reviewing the Corporation's unaudited interim financial statements.
- (b) **Review of Annual Financial Reports** - The Audit Committee shall review the annual consolidated audited financial statements of the Corporation, the external auditors' report thereon and the related management's discussion and analysis of the Corporation's financial condition and results of operation to determine whether they present fairly, in all material respects in accordance with

International Financial Reporting Standards (“IFRS”) in which the financial statements of the Corporation are prepared from time to time, the financial condition, results of operations and cash flows of the Corporation. After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the annual financial statements and the related MD&A.

- (c) **Review of Interim Financial Reports** - The Audit Committee shall review the interim consolidated financial statements of the Corporation, the external auditors review report thereon, if applicable, and the related MD&A to determine whether they present fairly, in all material respects in accordance with IFRS, the financial condition, results of operations and cash flows of the Corporation. After completing its review, if advisable, the Audit Committee shall, if so authorized by the Board, approve the interim financial statements and the related MD&A, or if not authorized by the Board, then approve and recommend for Board approval.
- (d) **Review Considerations** - In conducting its review of the annual financial statements or the interim financial statements, the Audit Committee shall:
- (i) meet with management and the external auditors to discuss the financial statements and MD&A;
  - (ii) review the disclosures in the financial statements;
  - (iii) review the audit report or review report prepared by the external auditors;
  - (iv) discuss with management, the external auditors and legal counsel, as requested, any litigation claim or other contingency that could have a material effect on the financial statements;
  - (v) review critical accounting and other significant estimates and judgments underlying the financial statements as presented by management;
  - (vi) review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management;
  - (vii) review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;
  - (viii) review management’s report on the effectiveness of internal controls over financial reporting;
  - (ix) review results of the Corporation’s whistleblowing program; and
  - (x) review any other matters, related to the financial statements, that are brought forward by the external auditors, management or which are required to be communicated to the Audit Committee under accounting policies, auditing standards or applicable law.

**4.2 Approval of Other Financial Disclosures** - The Audit Committee shall review and, if advisable, approve and recommend for Board approval financial disclosure in a prospectus or other securities offering document of the Corporation, press releases disclosing financial results of the Corporation and any other material financial disclosure, including in Management Information Circulars and Annual Information Forms.

### **4.3 External Auditors**

- (a) **General** -The Audit Committee shall be responsible for oversight of the work of the external auditors in auditing and reviewing the Corporation’s financial statements and internal controls over financial reporting.

- (b) **Appointment and Compensation** - The Audit Committee shall review and, if advisable, select and recommend (i) for shareholder approval, the appointment of the external auditors and (ii) for shareholder or Board approval, as applicable, the compensation of the external auditors.
- (c) **Annual Review Report** - At least annually, the Audit Committee shall obtain and review a report by the external auditors describing: (i) their internal quality-control procedures and (ii) any material issues raised by their most recent internal quality-control review, peer review or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the external auditors and any steps taken to deal with any of these issues.
- (d) **Audit Plan** - At least annually, the Audit Committee shall review a summary of the external auditors' annual audit plan. The Audit Committee shall consider and review with the external auditors any material changes to the scope of the plan.
- (e) **Quarterly Review Report** - If the external auditors review the Corporation's unaudited interim financial statements, then the Audit Committee shall review a quarterly review report prepared by the external auditors in respect of each of the interim financial statements of the Corporation.
- (f) **Independence of External Auditors** - At least annually, and before the external auditors issue their report on the annual financial statements, the Audit Committee shall obtain from the external auditors a formal written statement describing all relationships between the external auditors and the Corporation, discuss with the external auditors any disclosed relationships or services that may affect the objectivity and independence of the external auditors, and obtain written confirmation from the external auditors that they are objective and independent within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which it belongs.
- (g) **Evaluation and Rotation of Lead Partner** - At least annually, the Audit Committee shall review the qualifications and performance of the lead partners of the external auditors. The Audit Committee shall obtain a report from the external auditors annually verifying that the lead partner of the external auditors has served in that capacity for no more than seven fiscal years of the Corporation and that the engagement team collectively possesses the experience and competence to perform an appropriate audit.
- (h) **Pre-Approval of Non-Audit Services** - The Audit Committee shall pre-approve any retainer of the external auditors for any non-audit service to the Corporation in accordance with applicable law and Board approved policies and procedures. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any member of the Audit Committee to whom this authority has been delegated must be presented to the full Audit Committee at its next scheduled Audit Committee meeting.
- (i) **Hiring Practices** - The Audit Committee shall review and approve guidelines regarding the hiring of employees or former employees of the external auditors.

#### 4.4 Internal Controls

- (a) **General** - The Audit Committee shall monitor the system of internal control.

- (b) **Establishment, Review and Approval** - The Audit Committee shall require management to implement and maintain appropriate systems of internal control in accordance with applicable laws, regulations and guidance, including internal control over financial reporting and disclosure and to review, evaluate and approve these procedures. At least annually, the Audit Committee shall consider and review with management and the external auditors: (i) the effectiveness of, or weaknesses or deficiencies in: the design or operation of the Corporation's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions; (ii) any significant changes in internal control over financial reporting that are disclosed, or considered for disclosure, including those in the Corporation's periodic regulatory filings; (iii) any material issues raised by any inquiry or investigation by the Corporation's regulators; (iv) any related significant issues and recommendations of the external auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.
- 4.5 Whistleblowing Procedures** - The Audit Committee shall review and approve the establishment by management of procedures for the receipt, retention and treatment of complaints received by the Corporation from employees or others, regarding accounting, internal accounting controls, or auditing matters.
- 4.6 Succession Planning** - In consultation with the Board, the Audit Committee shall review, if applicable, succession plans for the CFO and Controller of the Corporation. The Audit Committee shall review candidates for the position of CFO of the Corporation and make recommendations to the Board with respect to the appointment of a CFO.
- 4.7 Adverse Investments and Transactions** - The Audit Committee shall review any investments and transactions that could adversely affect the well-being of the Corporation.
- 4.8 Audit Committee Disclosure** - The Audit Committee shall review and approve any audit committee disclosures required by securities regulators in the Corporation's disclosure documents.
- 4.9 Assessment of Regulatory Compliance** - The Audit Committee shall review management's assessment of compliance with laws and regulations as they pertain to responsibilities under this mandate, report its findings to the Board and recommend changes it considers appropriate.
- 4.10 Delegation** - The Audit Committee may designate a sub-committee to review any matter within this mandate as the Audit Committee deems appropriate.
- 5. REPORTING TO THE BOARD**
- 5.1** The Chair shall report to the Board, as required by applicable law or as deemed necessary by the Audit Committee or as requested by the Board, on matters arising at Audit Committee meetings and, where applicable, shall present the Audit Committee's recommendation to the Board for its approval.