

**CUBICFARM SYSTEMS CORP.
MANAGEMENT INFORMATION CIRCULAR
DATED AS OF DECEMBER 13, 2019**

PERSONS MAKING SOLICITATION

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation by management of CubicFarm Systems Corp. (the “Company”) of proxies to be used at the annual general meeting (the “Meeting”) of shareholders of the Company (“Shareholders”) to be held at Fasken, Suite 2900 – 550 Burrard Street, Vancouver, British Columbia, at 4:00 p.m. (Pacific Time) on January 22, 2020, and at any adjournment thereof for the purposes set forth in the accompanying Notice of Annual General Meeting of Shareholders (the “Notice of Meeting”). While it is expected that the solicitation will be made primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Company at nominal cost. All costs of this solicitation will be borne by the Company.

No person has been authorized to give any information or make any representation in connection with any matters to be considered at the Meeting other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized. The information contained in this Circular is given as of December 13, 2019 unless otherwise indicated.

RECORD DATE

The record date (the “Record Date”) for the determination of Shareholders entitled to receive notice of and to vote at the Meeting is December 13, 2019. Only Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote their common shares (“Shares”) at the Meeting.

APPOINTMENT OF PROXIES AND PROXY VOTING

A Shareholder whose name appears on the Company’s records as a Shareholder (a “Registered Shareholder”) may vote in person at the Meeting or they may appoint another person, who does not have to be a Shareholder, as their proxy to attend and vote in their place. The persons named in the enclosed form of proxy are directors and/or officers of the Company.

Each Registered Shareholder submitting a proxy has the right to appoint a proxyholder other than the persons designated in the form of proxy furnished by the Company, who need not be a Shareholder, to attend and act for the Registered Shareholder and on the Registered Shareholder’s behalf at the Meeting. To exercise such right, the names of the persons designated by management should be crossed out and the name of the Registered Shareholder’s appointee should be legibly printed in the blank space provided in the enclosed form of proxy or by submitting another appropriate form of proxy.

A Proxy will not be valid unless it is completed, dated and signed and mailed to Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1 or hand delivered to 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, Canada V6C 3B9, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting, or is delivered to the chair of the Meeting prior to the commencement of the Meeting.

You may also submit your Proxy by using one of the following methods:

- (a) By phone: Please refer to the enclosed Proxy for the toll free number, holder’s account number and the proxy access number and follow the instructions of the voice response system. You will need your 15 digit control number which is located on your Proxy/voting instruction form. **If you vote by telephone, you cannot appoint anyone other than the directors named on your Proxy as your proxyholder;** or

- (b) By internet: Submit your Proxy through the website of the Company's transfer agent at www.investorvote.com and follow the instructions that appear on the screen, referring to the enclosed Proxy for holder's account number and proxy access number. You will need your 15 digit control number which is located on your Proxy/voting instruction form; or
- (c) By facsimile: Complete, date and sign the enclosed Proxy and fax the front and back to 1-866-249-7775 or 1-416-263-9524 for international residents.

NON-REGISTERED HOLDERS

Only registered shareholders ("Registered Shareholders") or duly appointed proxyholders are permitted to vote at the Meeting. Certain Shareholders of the Company are "non-registered" shareholders because the common shares they own are not registered in their names but are instead registered in the names of a brokerage firm, bank or other intermediary or in the name of a clearing agency. Shareholders who do not hold their shares in their own name (referred to herein as "Beneficial Shareholders") should note that only Registered Shareholders (or duly appointed proxyholders) may complete a Proxy or vote at the Meeting in person. If common shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those common shares will not be registered in such shareholder's name on the records of the Company. Such common shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository for Securities Inc., which company acts as nominee for many Canadian brokerage firms). Common shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the brokers' clients.

This Circular and accompanying material are being sent to both Registered Shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories – those who object to their identity being known to the issuers of securities which they own ("**Objecting Beneficial Owners**", or "**OBOs**") and those who do not object to their identity being made known to the issuers of the securities they own ("**Non-Objecting Beneficial Owners**", or "**NOBOs**"). Subject to the provision of National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer ("**NI 54-101**"), issuers may request and obtain a list of their NOBOs from intermediaries via their transfer agents and use this NOBO list for distribution of proxy-related materials directly to NOBOs.

The Company is taking advantage of those provisions of NI 54-101 that permit the Company to deliver proxy-related materials directly to the Company's NOBOs who have not waived the right to receive them (and is not sending proxy-related materials using notice-and-access). As a result, NOBOs can expect to receive a Voting Instruction Form ("**VIF**") together with the Notice of Meeting, this Circular and related material from the Company's transfer agent Computershare. These VIFs are to be completed and returned in accordance with the instructions provided. **NOBOs should carefully follow the instructions provided, including those regarding when and where to return the completed VIFs.**

NOBOS that wish to change their vote must contact Computershare to arrange to change their vote in sufficient time in advance of the Meeting.

Should a NOBO wish to attend and vote at the Meeting in person, the NOBO must insert the NOBO's name (or such other person as the NOBO wishes to attend and vote on the NOBO's behalf) in the blank space provided for that purpose on the VIF and return the completed VIF in line with the instructions provided or the NOBO must submit to the Company any other document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder. In such circumstances with respect to proxies held by management in respect of securities owned by the NOBO so requesting, the Company must arrange, without expense to the NOBO, to appoint the NOBO or a nominee of the NOBO as a proxyholder in respect of those securities. Under NI 54-101, if the Company appoints a NOBO or a nominee of the NOBO as a proxyholder as aforesaid, the NOBO or nominee of the NOBO, as applicable, must be given the authority to attend, vote and otherwise act for and on behalf of management in respect of all matters that may come before the Meeting and any adjournment or continuance thereof, unless corporate law does not permit the giving of that authority. Pursuant to NI 54-101, if the Company appoints a NOBO or its nominee as proxyholder as aforesaid the Company must deposit the proxy within the timeframe specified above for the deposit of proxies if the Company obtains the instructions at least one (1) business day before the termination of that time. **If a NOBO or a nominee of the NOBO is approved as a proxyholder pursuant to such request, the appointed proxyholder will need to attend the Meeting in person in order for their votes to be counted.**

In accordance with the requirements of NI 54-101, we have distributed copies of the Notice of Meeting, this Circular and related documents (collectively, the “**Meeting Material**”) to the clearing agencies and intermediaries for onward distribution to OBOs. Intermediaries are required to forward the Meeting Material 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 such as Broadridge to forward the Meeting Material to OBOs. Together with the Meeting Material, 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 common shares that they beneficially own. The Company does not intend to pay for an intermediary to deliver the Meeting Material to OBOs and OBOs will not receive the Meeting Material and voting instruction form unless their intermediary assumes the costs of delivery. **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.**

OBOs that wish to change their vote must contact their intermediary to arrange to change their vote in sufficient time in advance of the Meeting.

Should an OBO wish to vote at the Meeting in person, the OBO must insert the OBO’s name (or such other person as the OBO wishes to attend and vote on the OBO’s behalf) in the blank space provided for that purpose on the request for voting instruction form and return the completed request for voting instruction form to the intermediary or its service provider or the OBO must submit, to their intermediary, any other document in writing that requests that the OBO or a nominee of the OBO be appointed as proxyholder. In such circumstances an intermediary who is the registered holder of, or holds a proxy in respect of, securities owned by an OBO is required under NI 54-101 to arrange, without expense to the OBO, to appoint the OBO or a nominee of the OBO as a proxyholder in respect of those securities. Under NI 54-101, if an intermediary appoints an OBO or the nominee of the OBO as a proxyholder as aforesaid, the OBO or nominee of the OBO, as applicable, must be given the authority to attend, vote and otherwise act for and on behalf of the intermediary, in respect of all matters that may come before the Meeting and any adjournment or continuance thereof, unless corporate law does not permit the giving of that authority. Pursuant to NI 54-101 an intermediary who appoints an OBO or its nominee as proxyholder as aforesaid is required under NI 54-101 to deposit the proxy within the timeframe specified above for the deposit of proxies if the intermediary obtains the instructions at least one (1) business day before the termination of that time. **If the OBO or a nominee of the OBO is appointed a proxyholder pursuant to such request, the appointed proxyholder will need to attend the Meeting in person in order for their votes to be counted.**

These securityholder material is being sent to both registered owners and non-registered owners of the securities of the Company. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

All references to shareholders in this Circular and the accompanying Notice of Meeting and form of proxy are to Registered Shareholders unless specifically stated otherwise.

REVOCATION OF PROXIES

In addition to revocation in any manner permitted by law, a proxy may be revoked by an instrument in writing signed by the Shareholder or by the Shareholder’s attorney duly authorized in writing or, if the Shareholder is a corporation or association, the instrument in writing should bear the seal of such corporation or association and must be executed by an officer or by an attorney duly authorized in writing, and deposited at the registered office of the Company, Suite 2900 - 550 Burrard Street, Vancouver, British Columbia, V6C 0A3, Attention: Steve Saville, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, or, as to any matter in respect of which a vote shall not already have been cast pursuant to such proxy, with the Chairman of the Meeting on the day of the Meeting, or at any adjournment thereof, and upon either of such deposits the proxy is revoked. **Only Registered Shareholders have the right to revoke a Proxy. Non-Registered Holders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective intermediaries to revoke the Proxy on their behalf.**

A revocation of a Proxy does not affect any matter on which a vote has been taken prior to the revocation.

VOTING OF PROXIES

All shares represented at the Meeting by properly executed proxies will be voted or withheld from voting (including the voting on any ballot), in accordance with the instructions specified in the enclosed form of Proxy. **In the absence of any such specification, the form of Proxy confers discretionary authority on the proxyholder with respect to such matter. It is intended that the management designees, if named as proxyholder, will vote in favour of each matter referred to in the form of Proxy and for the nominees of management for directors and for auditor.**

The management designees named in the enclosed form of Proxy are David Dinesen, President, Chief Executive Officer (“CEO”) and a director of the Company, Daniel Burns, Chairman of the board of directors of the Company (the “Board”), and Rodrigo Santana, Chief Financial Officer of the Company, and each have indicated their willingness to represent as proxyholder the Shareholder who appoints them.

The enclosed form of Proxy, when properly signed, confers discretionary authority upon the persons named therein with respect to amendments or variations of matters identified in the Notice of Meeting and any other matters which may properly be brought before the Meeting. As of the date hereof, management of the Company is not aware of any such amendments to or variations of matters identified in the Notice of Meeting or of other matters to be presented for action at the Meeting. However, if any other matters which are not now known to the management should properly come before the Meeting, then the management designees intend to vote in accordance with the judgment of the management of the Company.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Company consists of an unlimited number of common shares (“Common Shares”) without par value, and unlimited number of class A preferred shares (“Class A Preferred Shares”) without par value and an unlimited number of class B preferred shares (“Class B Preferred Shares”) without par value. As at the date of this Circular, there are 84,456,885 Common Shares issued and outstanding, 0 Class A Preferred Shares issued and outstanding and 0 Class B Common Shares issued and outstanding, each such share in each class carrying the right to one vote at the Meeting. The Company has no other classes of shares outstanding.

Each Shareholder of record on December 13, 2019, being the Record Date, is entitled to receive notice of, to attend and to vote at the Meeting.

The Articles of the Company provide that a quorum for the transaction of business at the Meeting is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the Meeting.

Except where otherwise stated, and other than the election of directors, a simple majority of 50% plus 1 of the votes cast at the Meeting is required to approve the matters being submitted to a vote of Shareholders at the Meeting.

To the knowledge of the directors and executive officers of the Company, as at December 13, 2019, the following Shareholders beneficially own, or control or direct, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to all outstanding voting securities of the Company entitled to vote at the Meeting:

Name	Number of Shares Beneficially Owned, Directly or Indirectly, Controlled or Directed	Percentage of Outstanding Voting Securities
David Dinesen	11,378,805 ⁽¹⁾	13.47%
1134129 B.C. Ltd.	9,200,000 ⁽²⁾	10.89%
Leo Benne	8,456,067 ⁽³⁾	10.01%
Nu Skin Enterprises Inc.	10,879,587	12.88%

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Charles Allen ⁽⁸⁾ <i>Director</i>	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Daniel Burns ⁽⁹⁾ <i>Director & Chairman</i>	2019	Nil	Nil	Nil	Nil	\$2,757	\$2,757
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Christian Ericson ⁽¹⁰⁾ <i>Director</i>	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Jeffrey D. Booth ⁽¹²⁾ <i>Director</i>	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil

- (1) David Dinesen was appointed President, CEO and a Director of the Company on October 8, 2015.
- (2) John Hoekstra was appointed CFO and a Director of the Company on February 11, 2016, and retired from the position of CFO effective March 18, 2019.
- (3) Dani Palahanova was appointed CFO of the Company on March 18, 2019, and retired from the position of CFO effective September 19, 2019. Rodrigo Santana Pinho was appointed Interim CFO effective September 19, 2019.
- (4) Leo Benne was appointed a Director of the Company on February 11, 2016.
- (5) John De Jonge was appointed a Director of the Company on October 10, 2017.
- (6) Dean Drysdale was appointed a Director and Chairman of the Board of Directors of the Company on February 11, 2016. Mr. Drysdale retired from the position of Chairman of the Board of Directors on May 3, 2019, and as a Director on August 11, 2019 on his passing.
- (7) Michael McCarthy was appointed a Director of the Company on December 19, 2018.
- (8) Charles Allen was appointed a Director of the Company on February 15, 2019, and retired as a Director effective May 16, 2019.
- (9) Daniel Burns was appointed a Director and Chairman on May 7, 2019.
- (10) Christian Ericson was appointed a Director of the Company on July 25, 2019.
- (11) John Hoekstra did not accept a cash salary, despite being entitled to one under their employment contracts.
- (12) Jeffrey D. Booth was appointed a Director of the Company on December 19, 2019.

STOCK OPTIONS AND OTHER COMPENSATION SECURITIES

The following table provides a summary of all compensation securities granted or issued to each director and NEO by the Company or one of its subsidiaries in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries:

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, 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
David Dinesen <i>President, CEO & Director</i>	Stock Options ⁽¹⁾	2,300,000	Jul 15, 2018	\$0.83	N/A	N/A	Jul 15, 2023
John Hoekstra ⁽²⁾ <i>CFO & Director</i>	Stock Options ⁽¹⁾	1,840,000	Jul 15, 2018	\$0.83	N/A	N/A	Jul 15, 2023
Dani Palahanova ⁽³⁾ <i>CFO</i>	Stock Options ⁽¹⁾	100,000	Jun 17, 2019	\$1.00463	N/A	N/A	Jun 17, 2024
Leo Benne <i>Director</i>	Stock Options ⁽¹⁾	1,840,000	Jul 15, 2018	\$0.83	N/A	N/A	Jul 15, 2013

Charles Allen ⁽⁵⁾ <i>Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Daniel Burns <i>Director & Chairman</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Christian Ericson <i>Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Jeffrey D. Booth <i>Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil

- (1) These options were exercised prior to CubicFarms becoming a public company.
- (2) John Hoekstra was appointed CFO and a Director of the Company on February 11, 2016, and retired from the position of CFO effective March 18, 2019.
- (3) Dani Palahanova was appointed CFO of the Company on March 18, 2019, and retired from the position of CFO effective September 19, 2019. Rodrigo Santana Pinho was appointed Interim CFO effective September 19, 2019.
- (4) Dean Drysdale was appointed a Director and Chairman of the Board of Directors of the Company on February 11, 2016. Mr. Drysdale retired from the position of Chairman of the Board of Directors on May 3, 2019, and as a Director on August 11, 2019 on his passing.
- (5) Charles Allen was appointed a Director of the Company on February 15, 2019, and retired as a Director effective May 16, 2019.

EXTERNAL MANAGEMENT COMPANIES

The Company currently has no contracts with external management companies in effect.

STOCK OPTION PLAN AND OTHER INCENTIVE PLANS

The Board recently adopted a new stock option plan (the “**New Stock Option Plan**”) which corresponds to the requirements of the TSX Venture Exchange and became effective upon the Company’s listing on the TSX Venture Exchange. Prior to the adoption of the New Stock Option Plan the Company had formerly adopted a stock option plan (the “**Old Stock Option Plan**”) that was applicable to the Company’s status as a private company and which did not correspond to the requirements of the TSX Venture Exchange. The Board has ceased granting options under the Old Stock Option Plan. All existing options granted under the Old Stock Option Plan and all options granted under the New Stock Option Plan are now governed by the New Stock Option Plan.

The New Stock Option Plan, similar to the Old Stock Option Plan, is a “fixed” ceiling incentive stock option plan, adopted by the board and dated effective June 18, 2019. Pursuant to the exercise of options 16,835,942 stock options to purchase common shares are reserved for issuance under the New Stock Option Plan, representing 20% of the Company’s issued and outstanding common shares. As at the date of this Circular, the number of common shares available for future grants of stock options under the New Stock Option Plan is 1,770,272. If stock options expire or otherwise terminate for any reason without having been exercised, the number of common shares in respect of the expired or terminated stock options will again be available for grant.

EMPLOYMENT, CONSULTING AND MANAGEMENT AGREEMENTS

The Company has an employment agreement with the Named Executive Officer, David Dinesen, dated July 1, 2019 (the “Employment Agreement”). The Employment Agreement provides for a base salary of \$240,000 per year. There are other prerequisites provided to David Dinesen under the Employment Agreement. The employee was previously issued an option to purchase 1,610,000 common shares, exercisable for \$0.19457 per share and with a 5-year expiry.

- Vesting will occur as follows:
 - 460,000 at the time of grant and 230,000 on January 1, of each 2020, 2021, 2022
- Notwithstanding the foregoing, any outstanding stock options shall vest immediately upon a change in control of the company.

The Company has an employment agreement with the Named Executive Officer, Rodrigo Santana Pinho, dated June 17, 2019 (the “Employment Agreement”). The Employment Agreement provides for a base salary of \$250,000 per year. There are other prerequisites provided to Rodrigo Santana Pinho under the Employment Agreement.

- The Employee will receive an option to purchase 300,000 common shares, exercisable for \$1.00463 per share.
- This option will vest in 12-months from the Effective Date, or upon Rodrigo selling his shares in his current company, Sacre-Davey Engineering Inc., whichever is sooner.
- The option will expire 90-days after vesting.
- Notwithstanding the foregoing, any outstanding stock options shall vest immediately upon a change in control of the Company.

David Dinesen provides consulting services to the Company. The consulting fees paid during the year were \$170,000 in accordance with the compensation policy, which is approved annually by the Board of Directors. These fees are paid in accordance with a consulting contract that can be terminated by either the Company or David Dinesen with 120 days' advance written notice at any time.

Benefits on Termination Without Cause

Should the Company terminate any of the NEOs without cause, the Company will provide the NEO twelve months' notice of termination or a combination of notice and monthly compensation.

Benefits on Change in Control

In the event that there is a change in control of the Company, either the NEO or the Company shall have one year from the date of such change in control to elect to have the NEO's contract terminated. In the event that such an election is made, the Company shall, within 30 days of such election, make a lump sum termination payment to the NEO that is equivalent to twelve months' base compensation plus an amount equivalent to all cash bonuses paid to the NEO in the twelve months prior to the change in control. Following a change in control, all stock options or incentive securities granted to the NEO shall be dealt with in accordance with the terms of the Company's Stock Option Plan however all stock options or incentive securities granted to the NEO, but not yet vested, shall vest immediately.

"Change in control" shall mean the occurrence of any one or more of the following events:

- 1) The acquisition, directly or indirectly, by any person (person being defined as an individual, a company, a partnership, an unincorporated association or organization, a trust, a government or department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual and an associate or affiliate of any thereof as such terms are defined in the *Business Corporations Act* (British Columbia)) or group of persons acting jointly or in concert, as such terms are defined in the *Securities Act* (British Columbia) of:
 - a. Shares or rights or options to acquire shares of the Company or securities which are convertible into shares of the Company or any combination thereof such that after the completion of such acquisition such person would be entitled to exercise 50% or more of the votes entitled to be cast at a meeting of the shareholders of the Company; or
 - b. More than 50% of the material assets of the Company, including the acquisition of more than 50% of the material assets of any material subsidiary of the Company.

or
- 2) As a result of or in connection with:
 - a. A contested election of directors; or
 - b. A consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Company or any of its affiliates and another corporation or other entity, the nominees named in the most recent management information circular of the Company for election to the Board do not constitute a majority of the Board.

Termination Payment Calculation

The following table presents the incremental payments the Company would have to make to each NEO if a triggering event (i.e. a termination without cause or a change in control) occurred as at June 30, 2019:

Name	Termination Payment on a Without Cause Termination	Termination Payment on a Change in Control
David Dinesen	\$0	\$0
John Hoekstra ⁽¹⁾	\$0	\$0
Dani Palahanova ⁽²⁾	\$105,000	\$0

(1) John Hoekstra was appointed CFO of the Company on February 11, 2016, and retired from the position of CFO effective March 18, 2019.

(2) Dani Palahanova was appointed CFO of the Company on March 18, 2019, and retired from the position of CFO effective September 19, 2019. Rodrigo Santana Pinho was appointed Interim CFO effective September 19, 2019.

**OVERSIGHT AND DESCRIPTION OF DIRECTOR
AND NAMED EXECUTIVE OFFICER COMPENSATION**

Director Compensation

The Company has no standard arrangements pursuant to which directors are compensated by the Company for their services in their capacity as directors except for the granting from time to time of incentive stock options in accordance with the Plan and the Exchange. The granting of incentive stock options provides a link between director compensation and the Company's share price. It also rewards directors for achieving results that improve Company performance and thereby increase shareholder value. In making a determination as to whether a grant of long-term incentive stock options is appropriate, and if so, the number of options that should be granted, the Board will consider: the number and terms of outstanding incentive stock options held by each director; the value in securities of the Company that the Board intends to award as compensation; the potential dilution to shareholders and the cost to the Company; general industry standards; and the limits imposed by the terms of the Plan and the Exchange. The granting of incentive stock options allows the Company to reward the directors' efforts to increase value for shareholders without requiring the Company to use cash from its treasury. The terms and conditions of the Company's stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Plan, which are described under "Stock Option Plans and Other Incentive Plans" above. The directors may be reimbursed for actual expenses reasonably incurred in connection with the performance of their duties as directors.

Named Executive Officer Compensation

The Company does not have a formal compensation program. However, the Board meets annually subsequent to the annual general meeting or more frequently as determined by the Board to discuss and determine management compensation, without reference to formal objectives, criteria or analysis. The general objectives of the Company's compensation strategy are to (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; (c) provide a compensation package that enables the Company to attract and retain talent; and (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is a junior mineral exploration company without a history of earnings.

The Board generally considers three elements of compensation – a base salary for the current financial year, a discretionary cash bonus for the previously completed financial year and a grant of long-term incentive stock options.

Base salary is used to provide the Named Executive Officer with a set amount of money during the year with the expectation that he will perform his responsibilities to the best of his ability and in the best interests of the Company. The Board determines what the Named Executive Officer's base salary for the upcoming year will be based on the overall performance of the Company, the performance of the Named Executive Officer and general trends in the industry.

The granting of incentive stock options provides a link between management compensation and the Company's share price. It also rewards management for achieving results that improve Company performance and thereby increase shareholder value. In making a determination as to whether a grant of long-term incentive stock options is appropriate, and if so, the number of options that should be granted, the Board will consider: the number and terms of outstanding incentive stock options held by the Named Executive Officer; the value in securities of the Company that the Board intends to award as compensation; the potential dilution to shareholders and the cost to the Company; general industry standards; and the limits imposed by the terms of the Company's stock option plan (the "Plan") and the TSX Venture Exchange (the "Exchange"). The Company considers the granting of incentive stock options to be a particularly important element of compensation as it allows the Company to reward the Named Executive Officer's efforts to increase value for shareholders without requiring the Company to use cash from its treasury. The terms and conditions of the Company's stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Plan, which are described under "Stock Option Plans and Other Incentive Plans" above.

Finally, the Board will consider whether it is appropriate and in the best interests of the Company to award a discretionary cash bonus to the Named Executive Officer for the most recently completed financial year and if so, in what amount. A cash bonus may be awarded to reward extraordinary performance that has led to increased value for shareholders through property acquisitions or divestitures, the formation of new strategic or joint venture relationships and/or capital raising efforts. Demonstrations of extraordinary personal commitment to the Company's interests, the community and the industry may also be rewarded through a cash bonus.

Other than as described above there are no other prerequisites provided to the Named Executive Officers.

PENSION PLAN BENEFITS

The Company does not currently have a pension plan in place.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth the Company's compensation plans under which equity securities are authorized for issuance as at the end of the most recently completed financial year. For details of the material terms of the New Stock Option Plan, the New Stock Option Plan can be viewed on the Company's SEDAR profile under the following online link, www.sedar.com.

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 security holders	N/A	N/A	N/A
Equity compensation plans not approved by security holders	15,065,670	3,410,670 Options - \$0.19 10,350,000 Options - \$0.83 1,305,000 Options - \$1.00	1,770,272
Total	15,065,670	3,410,670 Options - \$0.19 10,350,000 Options - \$0.83 1,305,000 Options - \$1.00	1,770,272

MANAGEMENT CONTRACTS

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

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as described below, none of the persons who were directors or executive officers of the Company or a subsidiary of the Company at any time during the Company's last three most recently completed financial years or during the current financial year, no person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Company, nor any associate or affiliate of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or is reasonably expected to materially affect the Company.

- The Company entered into a Services Agreement with Cubic Manufacturing Ltd. ("**Cubic Manufacturing**") dated May 3, 2017 as amended and restated on June 18, 2019 and a Warrant Agreement with Cubic Manufacturing dated May 3, 2017 as amended and restated on June 18, 2019. The Service Agreement contemplates Cubic Manufacturing providing services related to the manufacture and installation of the Cubic Farm System, the Company's unique modular growing system. In order to align the interests of the Company and Cubic Manufacturing, the parties agreed that the compensation payable to Cubic Manufacturing would be on the basis of \$250,000 bonus payments for \$1,000,000 of EBITDA achieved by the Company per fiscal year, subject to an aggregate maximum of \$2,700,000 of bonus payments. The Service Agreement will terminate on April 1, 2027 unless extended by the parties. In addition, as partial consideration for the services provided under such agreements, the Company granted Cubic Manufacturing warrants to acquire shares of the Company. John De Jonge, a director of the Company, indirectly controls 51% of the shares of Cubic Manufacturing.
- The Company entered into an Arrangement Agreement with Bevo Agro Inc. (now Zenavis Global Inc.) ("**Bevo**") and Sun Pharm Investments Ltd. ("**Sun Pharm**") dated October 4, 2018, and an amendment to the Arrangement Agreement dated November 23, 2018. The Arrangement Agreement contemplated the spin-out of the Company by Bevo which is now complete, and the reverse take-over of Bevo by Sun Pharm. Prior to the Spin Out, Bevo owned 41.1% of the outstanding common shares of the Company. This summary is qualified in its entirety by reference to the terms of the Arrangement Agreement, which is available on Bevo's SEDAR profile at www.sedar.com. Leo Benne and John Hoekstra were directors of both Bevo and of the Company at the time of that the Arrangement Agreement was entered into.
- The Company entered into the Investment Agreement with Nu Skin Enterprises Inc. ("**Nu Skin**"), which beneficially owns over 10% of the issued and outstanding Cubic Shares.

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

Except as disclosed herein, no director or executive officer of the Company, no proposed nominee for election as a director of the Company and no associate or affiliate of the foregoing has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No person who is, or who was at any time during the fiscal year ended June 30, 2019, a director, executive officer or senior officer of the Company or a subsidiary thereof, and no person who is a nominee for election as a director of the Company, and no associate of such persons, is, or was at any time since the beginning of the fiscal year ended June 30, 2019, indebted to the Company or a subsidiary thereof, nor has any such person been indebted at any time since the beginning of the fiscal year ended June 30, 2019, to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or a subsidiary thereof.

CORPORATE GOVERNANCE

The following disclosure relates to the Company's Corporate Governance Practices as required under National Instrument 58-101 - *Disclosure of Corporate Governance Practices*.

Board of Directors

The Board currently consists of a total of eight directors. David Dinesen is not independent in that he is an executive officer of the Company. John Hoekstra is not independent given he was the former Chief Financial Officer of the Company. Leo Benne is not independent given he is the Chief Innovation Engineer of the Company.

Christian Ericson is not considered an “independent” director of the Company due to his position as Vice President, Business Development of Nu Skin. Nu Skin holds approximately 12.88% of the issued and outstanding common shares of the Company on a non-diluted basis as at December 13, 2019.

Daniel Burns, Michael McCarthy and Jeffrey D. Booth are independent directors of the Company.

An “independent” director is a director who has no direct or indirect “material relationship” with the Company. A “material relationship” means a relationship which could, in the view of the Company’s Board, reasonably interfere with the exercise of a member’s independent judgment. Section 1.4 of National Instrument 52-110 – *Audit Committees* (“NI 52-110”) contains further clarification of the meaning of “independence” and what constitutes a “material relationship.”

In carrying out its responsibilities, the Board has no formal procedures designed to facilitate the exercise of its independent judgment. However, when considering the constitution of the Board, the Company endeavors to ensure that individuals elected to the Board will act with integrity in exercising their judgment in the best interests of the Company and its shareholders.

The Board is chaired by Jeffrey D. Booth. The Board has no formal procedures designed to provide leadership for its independent directors, choosing again to rely on the integrity and experience of its individual Board members.

The Board facilitates its exercise of independent supervision over the Company’s Management through frequent formal and informal meetings of the Board.

Directorships

The following table sets forth information for each director of the Company who is presently a director of any other reporting issuers (or the equivalent in another jurisdiction):

Name of Director	Reporting Issuer(s) or Equivalent
Leo Benne	Zenabis Global Inc.
John Hoekstra	Zenabis Global Inc.
Daniel Burns	Zenabis Global Inc. Rubicon Minerals Inc. Co-operators General Insurance Company Central 1 Credit Union Accend Capital Corp.
Jeffrey D. Booth	Riseteck Capital Corp.

Orientation and Continuing Education

The Company does not have a formal process of orientation for new Board members. However, it does orient and educate new Board members by providing background information, conducting personal meetings and demonstrations and responding to questions during the early stages of a new Board member’s involvement with the Company.

The Company does not have a formal process of continuing education for directors. Directors' meetings are generally held at the Company's offices in Milner, B.C. and Board members are updated on an ongoing basis with respect to new innovations. As needed, the Company's legal counsel is invited to attend Board and Committee meetings to provide advice concerning emerging trends in securities regulatory policy and related corporate matters. Other professional advisors may be invited to attend Board meetings, as needed. The Company also relies on the relatively straightforward nature of its business, and the established qualifications and expertise of its Board members.

Ethical Business Conduct

The Board has not adopted a written code for the Company's directors, officers and employees with respect to ethical business conduct. To the greatest extent possible, the Company attempts to attract and retain individuals with a well-developed personal code of ethical conduct in both their business and personal lives.

In considering a transaction in which a director has a material interest, the director is required to disclose the nature and extent of his interest to the Board and to abstain from voting on any resolution pertaining to the transaction.

Nomination of Directors

The Board does not have a Nominating Committee to identify new candidates for Board nomination. Potential candidates for appointment to the Board are considered by the Board as a whole, in reliance on the recommendations, qualifications and experience of its members. The Board recognizes that, in accordance with good corporate governance practices, it is desirable to appoint members who are independent, and gives weight to this consideration.

Compensation

The Company has no formal compensation program in place. The Board plans to discuss and determine management compensation without reference to formal criteria. The general objective of the Company's compensation will be to: (i) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (ii) align management's interests with the long-term interests of shareholders; and (iii) ensure that the total compensation package is designed in a manner that takes into account the constraints under which the Company will operate given that it will be a clean-technology company with limited history of earnings.

Board Committees

Other than the Audit Committee, the Board currently has no other committees.

Assessments

The Board has no specific procedures for regularly assessing the effectiveness and contribution of the Board, its committees or individual directors. As the business of the Company is relatively straightforward and its Board relatively small, it is expected that a significant lack of performance on the part of a committee or individual director would become readily apparent, and could be dealt with on a case-by-case basis. With respect to the Board as a whole, the Board monitors its performance on an ongoing basis, and as part of that process considers the overall performance of the Company and input from its shareholders.

AUDIT COMMITTEE DISCLOSURE

The Audit Committee's Charter

The Charter of the Company's Audit Committee is attached to this Circular as Schedule A.

Composition of the Audit Committee

The Audit Committee is comprised of John Hoekstra, Michael McCarthy and Daniel Burns. Michael McCarthy and Daniel Burns are independent members of the Audit Committee, and all are financially literate, as defined under NI 52-110.

Relevant Education and Experience

John Hoekstra

John Hoekstra is a Director of the Company. Mr. Hoekstra has been in the agriculture industry since 2004 when he joined Zenabis Global Inc. (formerly Bevo Agro Inc.). Mr. Hoekstra is currently the Chief Financial Officer of a subsidiary of Zenabis Global Inc., Bevo Farms Ltd., and previously, was the Chief Financial Officer of Zenabis Global Inc. Prior to joining Zenabis Global Inc. in 2004, Mr. Hoekstra worked as Supply Chain Manager at Air Liquide, and at Unitor Ships Service as a Branch Manager. Mr. Hoekstra graduated from Redeemer University with a degree in Business Administration and is a Chartered Professional Accountant.

Michael McCarthy

Michael McCarthy is Vice President - Business Solutions at Telus. He earned a BSc in Mathematics and Computer Science from McMaster University. Mr. McCarthy has more than 26 years' experience in the technology sector and has held progressive Business to Business leadership roles over the past 16 years at TELUS including a focus in Public Sector, Enterprise, Healthcare, and most recently, as VP Sales, for the business market in Western Canada. Prior to joining TELUS in 2003, Mr. McCarthy held positions at Interdynamix (Vancouver - 1 year) as Business Development Executive; Silicon Graphics Inc. as Professional Services Executive (Vancouver, Mountain View - 3 years) and IBM in a variety of technical and sales roles (Toronto, Vancouver - 9 years). Mr. McCarthy currently serves as a Director of the Greater Vancouver Board of Trade and has held board positions with the Forum for Women Entrepreneurs and Junior Achievement British Columbia.

Daniel Burns

Daniel Burns is a lawyer, accountant and entrepreneur. Mr. Burns is an experienced corporate director in the financial services, insurance and mining sectors. He has served as chair of a number of significant organizations in Canada and the United States as well as chaired the audit committees of significant public and private institutions.

Audit Committee Oversight

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

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (de minimis non-audit services) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

Formal policies and procedures for the engagement of non-audit services have not been adopted. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and where applicable by the Audit Committee, on a case by case basis.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees	Audit-Related Fees ⁽¹⁾	Tax Fees ⁽²⁾	All Other Fees ⁽³⁾
June 30, 2019	\$73,000	\$26,000	\$6,750	Nil
June 30, 2018	\$19,000	Nil	\$5,250	Nil

NOTES:

- (1) Audit-Related Fees consist of quarterly reviews, financial, accounting and income tax matters for quarterly reviews.
- (2) Tax Fees consist of the preparation of tax returns, tax compliance, tax advice and tax planning.
- (3) Fees related to N/A.

Exemption

The Company is relying on the exemption in section 6.1 of NI 52-110.

PARTICULARS OF ANNUAL MATTERS TO BE ACTED ON

Appointment and Remuneration of Auditors

The Audit Committee of the Company recommends that MNP LLP (“MNP”) be reappointed as auditor for the Company to hold office until the next annual meeting of Shareholders and that the Shareholders authorize the directors to fix the remuneration of the auditors. MNP was appointed as auditors of the Company effective on August 1, 2018.

Number of Directors

At the Meeting, the Shareholders of the Company will be asked to set the number of directors of the Company at eight (8) for the ensuing year, subject to any later increases permitted by the Company’s Articles or the *Business Corporations Act* (British Columbia) (“BCBCA”).

Election of Directors

Except as disclosed herein, no class of Shareholders has the right to elect a specified number of directors or to cumulate their votes with respect to the election of directors.

Pursuant to an Investor Rights Agreement, dated January 28, 2019 between Nu Skin and the Company, Nu Skin is entitled to nominate one director to the Board.

The term of office of each of the present directors expires at the Meeting. The persons named below will be presented for election at the Meeting as management’s nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual meeting of the Company or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the Articles of the Company or under the provisions of the BCBCA.

Name, Province/State, Country of Residence and Present Position with the Company	Date Became Director	Number of Common Shares Beneficially Owned or Controlled or Directed, Directly or Indirectly	Principal Occupation for past Five Years
David Dinesen <i>President, CEO & Director</i>	October 8, 2015	11,378,805 ⁽¹⁾ (13.47%)	President and CEO of the Company from October 8, 2015 to date. WideOcean Strategies - Founder - 1997 to present.
John Hoekstra ⁽²⁾ <i>Director</i>	February 11, 2016	3,342,404 ⁽³⁾ (3.95%)	CFO of the Company from February 2016 to March 2019. CFO of Bevo Farms Ltd. from December 7, 2009 to present.
Leo Benne <i>Director</i>	February 11, 2016	8,456,067 ⁽⁴⁾ (10.0%)	Chief Innovation Engineer of the Company from February 11, 2016 to current. President and General Manager of Zenabis Global Inc. (formerly Bevo Agro Inc.) from July 11, 2000 to present.
John De Jonge <i>Director</i>	October 10, 2017	4,750,458 ⁽⁵⁾ (5.62%)	President of Artex Barn Solutions

Michael McCarthy ⁽²⁾ <i>Director</i>	December 19, 2018	Nil	Vice President -Business Solutions at Telus
Daniel Burns ⁽²⁾ <i>Director & Chairman</i>	May 7, 2019	Nil	Corporate Director
Jeffrey D. Booth <i>Director</i>	December 29, 2019	Nil	President of 5 Booth Consulting, a consulting firm specializing in business and technology from November 2017 to present. CEO of BuildDirect.com Technologies Inc., an online marketplace from October 1999 to October 2017
Christian Ericson <i>Director</i>	July 25, 2019	Nil	Vice President, Business Development – Nu Skin Enterprises, Inc.

(1) Includes 8,564,801 common Shares owned by WideOcean Strategies Ltd., a company controlled by David Dinesen, and 514,004 Common Shares owned by Carolynne Dinesen.

(2) Member of the Audit Committee.

(3) Includes 2,429,471 common shares held by C.G.M. Ventures Inc.

(4) Includes 7,723,865 common shares held by C.G.M. Ventures Inc. a company over which Mr. Benne has control.

(5) Includes 1,541,920 common shares held by Comfort Holdings Ltd., a company over which Mr. De Jonge has control.

Corporate Cease Trade Orders or Bankruptcies

To the best of the knowledge of the Company and its management, except as disclosed herein, no proposed director of the Company:

- (a) Is, as of the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that,
- (i) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for more than 30 days (an “**Order**”) that was issued while the proposed director was acting in the capacity of director, chief executive officer or chief financial officer, or
 - (ii) was subject to an Order that was issued after the proposed director, chief executive officer or chief financial officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity of director, chief executive officer or chief financial officer.
- (b) Is, at the date of this Circular, or has been within 10 years before the date of the 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
- Mr. Burns became the sole independent director of Rubicon Minerals Corporation in August of 2016 after the resignation of the previous board to assist with the restructuring and refinancing of the Company. The Company entered the CCAA in October 2016 and emerged from CCAA proceedings on December 20, 2016 after a successful implementation of the restructuring transaction. Mr. Burns had no previous involvement with the Company prior to his appointment.

- (c) Has, within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Penalties or Sanctions

To the knowledge of the Company, none of the proposed directors (or any of their personal holding companies) 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.

PARTICULARS OF SPECIAL MATTERS TO BE ACTED ON

Other Matters

Management of the Company knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting and this Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the proxy to vote with regard to those matters in accordance with the judgment of the Management of the Company.

Shareholder Proposals

Pursuant to Section 188 of the BCBCA, any notice of a shareholder proposal intended to be raised at next year's annual meeting of shareholders of the Company must be submitted to the Company at its registered office (Suite 2900, 550 Burrard Street, Vancouver, British Columbia V6C 0A3, Canada, Attention: Steve Saville) on or before October 22, 2020 to be considered for inclusion in the Circular for the annual meeting of the shareholders next year.

Shareholder proposals need be recognized only if made in accordance with the foregoing procedure and the provisions of the BCBCA.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com. Financial information is provided in our comparative financial statements and MD&A for our most recently completed financial year. Copies of our financial statements and MD&A can be obtained by contacting the Company in writing at 117 – 9440 202 Street, Langley, British Columbia, V1M 4A6, Attention: Rodrigo Santana. Copies of such documents will be provided to shareholders free of charge.

APPROVAL BY THE BOARD OF DIRECTORS

The contents of this Circular have been approved and the delivery of it to each Shareholder, director and auditor of the Company entitled thereto and to the appropriate regulatory agencies has been authorized by the Board of the Company.

Dated at Langley, British Columbia as of the 13th day of December, 2019.

BY ORDER OF THE BOARD OF DIRECTORS

“David Dinesen”

David Dinesen
President, CEO and Director

SCHEDULE A

AUDIT COMMITTEE CHARTER

CUBICFARM SYSTEMS CORP.

(the “**Company**”)

As adopted by the Board of Directors of the Company (the “**Board**”), on June 25, 2019

I. PURPOSE

The Audit Committee Charter (the “**Charter**”) outlines the duties and responsibilities of the Audit Committee (the “**Committee**”) is, subject to applicable laws and the Company’s constating documents, to:

- (a) assist the board of directors (the “**Board of Directors**” or “**Board**”) of the Company in fulfilling its oversight responsibilities by reviewing and reporting on the financial information which will be provided to shareholders and others, the system of corporate internal controls which management and the Board have established, and the audit process;
- (b) identifying the principal risks of the Company and its subsidiaries and ensuring the implementation of appropriate systems to monitor those risks;
- (c) reviewing accounting principles, capital budgeting and major transactions (acquisitions, divestitures and funding);
- (d) increasing the credibility and objectivity of financial reports;
- (e) facilitating better communication between director of the Company (the “**Directors**”) and the external auditor;
- (f) enhancing the independence of the external auditor; and
- (g) reviewing compliance with applicable legal and regulatory requirements.

II. COMPOSITION AND TERM OF OFFICE

- A. Members of the Committee are appointed for a one (1) year term at the first meeting of the Directors of the Company following the Annual General Meeting. Members of the Committee may be removed from office or replaced at any time by the Board. Any member shall cease to be a member upon ceasing to be a Director. Each member of the Committee shall hold office until the close of the next annual meeting of shareholders of the Company or until the member ceases to be a director, resigns or is replaced, whichever first occurs.
- B. The Committee is comprised of not less than a majority of independent Directors who are financially literate (i.e. have the ability to read and understand a set of financial statements such as a balance sheet, an income statement and a cash flow statement) and at least one member shall have an accounting designation or related financial expertise.
- C. The Chair of the Committee shall be appointed by the Board of Directors. In the absence of the appointed Chair from any meeting of the Committee, the members shall elect a Chair from those in attendance to act as Chair of the meeting.
- D. The Chief Financial Officer (“**CFO**”) will act as the management liaison for the Committee.

- E. The Committee will meet not less than four (4) times per year.
- F. The quorum for the Committee is a majority of members.

III. FINANCIAL REPORTING

The Committee will have the following duties and responsibilities:

- A. Review and recommend to the Board the annual financial reports (AIF, MIC, N.I. 52-110F1, financial statements, MD&A, reports to shareholders and press releases) for approval.
- B. If so approved by the Board, review and approve the quarterly financial statements (financial statements, MD&A, reports to shareholders and press releases) and, if not so approved by the board, review and recommend the quarterly financial statements (financial statements, MD&A, reports to shareholders and press releases) to the Board for approval
- C. Be satisfied that for all other public disclosures or information that is extracted or derived from the financial statements, that management has procedures in place to review such information, and periodically assess the adequacy of such procedures.
- D. Review and approve any other press releases that relate to material financial disclosures.
- E. Review and recommend any changes to accounting policies to the Board.
- F. Review with the auditors any areas of judgment or where estimates have been made, including effects of alternatives under generally accepted accounting principles.

IV. OTHER REVIEW PROCEDURES

The Committee will have the following duties and responsibilities:

- (a) Review with management the opportunities and risks inherent in the business and the effectiveness of the controls thereon, including risk mitigation and management strategies.
- (b) Oversee management reporting on and review of adequacy of internal controls (while it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Audit Committee to ensure that management has done so).
- (c) Gain reasonable assurance that the Company complies with all applicable laws, regulations, rules, policies and other requirements of governments, regulatory agencies and stock exchanges relating to financial reporting and disclosure.
- (d) Confirm or review the Company's disclosure policy.
- (e) Review material transactions (acquisitions, divestitures and funding).
- (f) Review policies and compliance with same that require significant actual or potential liabilities, contingent or otherwise, to be reported to the committee in a timely fashion.
- (g) Approve annually the reasonableness of the expenses of the Executive Chairman, President and CFO.

V. EXTERNAL AUDITORS

The Committee will recommend to the Board, for shareholder approval, an external auditor to examine the Company's accounts, control and financial statements on the basis that the external auditor is accountable to the Board and the Committee as representatives of the shareholders of the Company.

The external auditor reports directly to the Committee with unrestricted access and will meet at least quarterly with the Committee. Matters discussed will include the annual audit, quarterly reviews, the quality of the Company's accounting policies and principles, and the adequacy and effectiveness of the Company's internal control and management information systems. In-camera sessions with the external auditors will be held quarterly or as determined by the Committee. In addition, the Committee will have the following duties and responsibilities:

- (a) Provide approval and recommend to the Board the external auditor's remuneration, or their discharge.
- (b) Provide oversight to the audit engagement by way of a direct reporting relationship with the external auditor and ensure their independence.
- (c) Evaluate the audit services provided by the external auditor;
- (d) Review external audit plans for the year.
- (e) Review with the external auditors any difficulties which arose during the course of their engagement and the ongoing relationship with management.
- (f) Obtain and review, at least annually, a written report by the external auditor setting out the auditor's internal quality-control procedures, any material issues raised by the auditor's internal quality-control reviews and the steps taken to resolve those issues.
- (g) Review, at least annually, the relationship between the Company and the external auditor in order to establish the independence of the external auditor.
- (h) Pre-approve all audit and non-audit services to be provided by the external auditor (which may be delegated to one or more members of the Committee for ratification at the next scheduled Audit Committee meeting).
- (i) Review and approve any hiring of partners/employees of the external auditors.

VI. INTERNAL AUDIT

The Committee will have the following duties and responsibilities:

- (a) Work with management to establish the internal audit department's form and scope.
- (b) Review the internal audit staff functions, including:
 - the purpose, authority and organizational reporting lines; and
 - the annual audit plan, budget and staffing.
- (c) Review, with the CEO and the CFO and others, as appropriate, the Company's internal system of audit controls and the results of internal audits.

- (d) Review and monitor the Company's major financial risks and risk management policies, the effectiveness and efficiency of such policies, and the steps taken by management to mitigate those risks.
- (e) Review the Company's disclosure controls and procedures and internal control over financial reporting (the "Controls"), and consider whether the Controls:
 - provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, if any, is made known to the Company's CEO and CFO, particularly during the period in which the Company's annual filings are being prepared; and
 - provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP.
- (f) Meet at least annually with management (including the CEO and CFO), the internal audit staff, and the external auditor in separate executive sessions and review issues and matters of concern respecting audits and financial reporting.
- (g) In connection with its review of the annual audited financial statements and interim financial statements, the Committee will also review the process for the CEO and CFO certifications (if required by law or regulation) with respect to the financial statements and the Company's disclosure and internal controls, including any material deficiencies or changes in those controls.

VII. OTHER

The Committee will have the following duties and responsibilities:

- (a) Establish procedures for receipt, retention and treatment of complaints and concerns regarding accounting matters, internal accounting controls and auditing matters or related questionable practices, including anonymous submissions by employees.
- (b) Ensure for each meeting that minutes are recorded, drafted and circulated on a timely basis to committee members.
- (c) Confirm or amend the Committee's charter annually, for review by external auditors and legal counsel and approval by the Board.
- (d) Prior to renewals, review Director & Officer Liability insurance and other corporate insurance coverage.

VIII. REVIEW OF CHARTER, AMENDMENT AND WAIVER

The Board will review and reassess the adequacy of this Charter annually or otherwise as it deems appropriate. These guidelines may be amended or modified by the Board, subject to disclosure and other policies and guidelines of the Canadian Securities Administrators.