

LGC CAPITAL LTD.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

April 9, 2018

TAKE NOTICE that an Annual and Special Meeting of Shareholders (the “**Meeting**”) of LGC CAPITAL LTD. (the “**Corporation**”) will be held at:

Place: Fasken Martineau DuMoulin LLP
Stock Exchange Tower
800 Victoria Square
Suite 3700
Montreal, Québec H4Z 1E9

Date: Monday, April 9, 2018

Time: 10:00 a. m.

The purposes of the Meeting are to:

1. Receive and consider the consolidated financial statements of the Corporation for the fiscal year ended September 30, 2017 and the auditors’ report thereon;
2. Elect directors;
3. Appoint an auditor and authorize the directors to fix its remuneration;
4. Consider, and if deemed advisable adopt, a resolution in the form annexed as Schedule A to the Management Information Circular, ratifying, confirming and approving amendments to the 2016 Stock Option Plan of the Corporation so as to increase the number of shares that can be issued thereunder;
5. Consider, and if deemed advisable adopt, a resolution in the form annexed as Schedule B to the Management Information Circular, ratifying, confirming and approving a grant of stock options in respect of an aggregate of 9,750,000 common shares to six directors and officers of the Corporation pursuant to the 2016 Stock Option Plan of the Corporation;
6. Consider, and if deemed advisable adopt, a resolution in the form annexed as Schedule C to the Management Information Circular, ratifying, confirming and approving loans made by the Corporation to three directors and officers of the Corporation;
7. Consider, and if deemed advisable adopt, a resolution in the form annexed as Schedule D to the Management Information Circular, approving the issuance of 1,230,468 shares by the Corporation in settlement of debt; and
8. Transact such other business as may properly be brought before the Meeting.

Only persons registered as shareholders on the records of the Corporation as of the close of business on February 27, 2018 are entitled to receive notice of, and to vote or act at, the Meeting. No person who becomes a shareholder after the Record Date will be entitled to vote or act at the Meeting or any adjournment thereof.

If you are unable to attend the Meeting in person, please date, complete and sign the enclosed form of proxy and deliver it to Computershare Investor Services Inc. (i) by mail or hand delivery to Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or (ii) by facsimile to 416-263-9524 or 1-866-249-7775. A shareholder may also vote using the internet at www.investorvote.com or by telephone at 1-866-732-8683. In order to be valid and acted upon at the Meeting, the form of proxy must be received no later than 5:00 p.m. (eastern time) on Thursday, April 5, 2018 or be deposited with the Secretary of the Corporation before the commencement of the Meeting or any adjournment thereof.

DATED the 28th day of February, 2018

BY ORDER OF THE BOARD OF DIRECTORS

(signed) John A. D. McMullen

President and Chief Executive Officer

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES BY MANAGEMENT

This management information circular (the “Circular”) is furnished in connection with the solicitation by management of LGC Capital Ltd. (the “Corporation”) of proxies to be used at the Annual and Special Meeting of shareholders (the “Meeting”) of the Corporation to be held at the time and place and for the purposes set forth in the Notice of Meeting. It is expected that the solicitation will be made primarily by mail. However, officers and employees of the Corporation may also solicit proxies by telephone, telecopier, e-mail or in person. The total cost of solicitation of proxies will be borne by the Corporation. Pursuant to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy-related materials to beneficial owners of the shares. See “Appointment and Revocation of Proxies – Notice to Beneficial Shareholders” below.

INTERNET AVAILABILITY OF PROXY-RELATED MATERIALS

Notice-and-Access

The Corporation has elected to use “notice-and-access” rules (“**Notice-and-Access**”) under NI 54-101 for distribution of Proxy Related Materials (as defined below) to shareholders who do not hold shares of the Corporation in their own names (referred to herein as “**Beneficial Shareholders**”). Notice-and-Access is a set of rules that allows issuers to post electronic versions of proxy-related materials on SEDAR and on one additional website, rather than mailing paper copies. “**Proxy-Related Materials**” refers to this Management Information Circular, the Notice of Meeting and a voting instruction form.

The use of Notice-and-Access is more environmentally friendly as it helps reduce paper use. It also reduces the Corporation’s printing and mailing costs. Beneficial Shareholders may obtain further information about Notice-and-Access by contacting: (i) for Beneficial Shareholders with a 15-digit Control Number: Computershare Investor Services Inc. toll free at 1 866 964 0492 or on the internet at www.computershare.com/noticeandaccess; or (ii) for Beneficial Shareholders with a 16-digit Control Number: Broadridge Financial Solutions, Inc. toll free at 1-855-887-2244.

The Corporation is not using Notice-and-Access for delivery to shareholders who hold their shares directly in their respective names (referred to herein as “**Registered Shareholders**”). Registered Shareholders will receive paper copies of this Management Information Circular and related materials via prepaid mail.

Websites Where Proxy-Related Materials are Posted

The Proxy-Related Materials are available on the Corporation’s website at www.lgc-capital.com and under the Corporation’s profile on SEDAR at www.sedar.com.

Notice Package

Although the Proxy-Related Materials have been posted on-line as noted above, Beneficial Shareholders are receiving paper copies of a notice package (“**Notice Package**”) via prepaid mail containing information prescribed by NI 54-101 such as: the date, time and location of the Meeting, the website addresses where the Proxy-Related Materials are posted, a voting instruction form, and supplemental mail list return card for Beneficial Shareholders to request they be included in the Corporation’s supplementary mailing list for receipt of the Corporation’s interim financial statements for the 2018 fiscal year.

How to Obtain Paper Copies of Proxy-Related Materials

Beneficial Shareholders may obtain paper copies of the Management Information Circular free of charge by contacting: (i) for Beneficial Shareholders with a 15-digit Control Number: Computershare Investor Services Inc. toll free at 1-866-962-0498 (within North America) or 514-982-8716 (outside North America); or (ii) for Beneficial Shareholders with a 16-digit Control Number: Broadridge Financial Solutions, Inc. toll free at 1-877-907-7643. Any request for paper copies which are required in advance of the Meeting should be sent so that the request is received by the Corporation by 5:00 p.m. (eastern time) on March 9, 2018 in order to allow sufficient time for Beneficial Shareholders to receive their paper copies and to return their voting instruction form by the due date. After the Meeting date, Beneficial Shareholders may obtain paper copies of the Management Information Circular free of charge by contacting the Secretary of the Corporation at John@lgc-capital.com.

APPOINTMENT AND REVOCATION OF PROXIES

Appointment of Proxy

A Registered Shareholder who is unable to attend the Meeting in person is requested to complete and sign the enclosed form of proxy and to deliver it to Computershare Investor Services Inc. (i) by mail or hand delivery to Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or (ii) by facsimile to 416-263-9524 or 1-866-249-7775. A Registered Shareholder may also vote using the internet at www.investorvote.com or by telephone at 1-866-732-8683. In order to be valid and acted upon at the Meeting, the form of proxy must be received no later than 5:00 p.m. (eastern time) on Thursday, April 5, 2018 or be deposited with the Secretary of the Corporation before the commencement of the Meeting or any adjournment thereof.

The document appointing a proxy must be in writing and executed by the Registered Shareholder or his attorney authorized in writing or, if the Registered Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

A Registered Shareholder submitting a form of proxy has the right to appoint a person (who need not be a shareholder) to represent him or her at the Meeting other than the persons designated in the form of proxy furnished by the Corporation. To exercise that right, the name of the Registered Shareholder's appointee should be legibly printed in the blank space provided. In addition, the Registered Shareholder should notify the appointee of such person's appointment, obtain such person's consent to act as appointee and instruct the appointee on how the Registered Shareholder's shares are to be voted.

Shareholders who are not Registered Shareholders should refer to "Notice to Beneficial Shareholders" below.

Revocation of Proxy

A Registered Shareholder who has submitted a form of proxy as directed hereunder may revoke it at any time prior to the exercise thereof. If a Registered Shareholder who has given a proxy personally attends the Meeting at which that proxy is to be voted, that Registered Shareholder may revoke the proxy and vote in person. In addition to the revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Registered Shareholder or his attorney or authorized agent and deposited with (i) Computershare Investor Services Inc. at any time up to 5:00 p.m. (eastern time) on Thursday, April 5, 2018 by mail or by hand delivery to Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or by facsimile to 416-263-9524 or 1-866-249-7775, (ii) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or (iii) with the Secretary of the Corporation before the commencement of the Meeting, or any adjournment thereof, and upon any such deposit, the proxy will be revoked.

Notice to Beneficial Shareholders

The information set out in this section is of importance to many shareholders, as a substantial number of shareholders are Beneficial Shareholders and do not hold shares of the Corporation in their own names. Beneficial Shareholders should note that only proxies deposited by Registered Shareholders (shareholders whose names appear on the records of the Corporation as the registered holders of shares) can be recognized and acted upon at the Meeting or any adjournment(s) thereof. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder's name on the records of the Corporation. Those 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 Services Inc., which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their nominees can be voted only upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. Subject to the following discussion in relation to NOBOs (as defined below), the Corporation does not know for whose benefit the shares of the Corporation registered in the name of CDS & Co., a broker or another nominee, are held.

There are two categories of Beneficial Shareholders for the purposes of applicable securities regulatory policy in relation to the mechanism of dissemination to Beneficial Shareholders of proxy-related materials and other securityholder materials and the request for voting instructions from such Beneficial Shareholders. Non-objecting beneficial owners ("NOBOs") are Beneficial Shareholders who have advised their intermediary (such as brokers or other nominees) that they do not object to their intermediary disclosing ownership information to the Corporation, consisting of their name, address, e-mail address, securities holdings and preferred language of communication. Securities legislation restricts the use of such information to

matters strictly relating to the affairs of the Corporation. Objecting beneficial owners (“**OBOs**”) are Beneficial Shareholders who have advised their intermediary that they object to their intermediary disclosing such ownership information to the Corporation.

NI 54-101 permits the Corporation, in its discretion, to obtain a list of its NOBOs from intermediaries and use such NOBO list for the purpose of distributing the Proxy-Related Materials directly to, and seeking voting instructions directly from, such NOBOs. As a result, the Corporation is entitled to deliver the Proxy-Related Materials to Beneficial Shareholders in two manners: (a) directly to NOBOs and indirectly through intermediaries to OBOs; or (b) indirectly to all Beneficial Shareholders through intermediaries. In accordance with the requirements of NI 54-101, the Corporation is sending the Proxy-Related Materials directly to NOBOs and indirectly through intermediaries to OBOs. The cost of the delivery of the Proxy-Related Materials by intermediaries to OBOs will be borne by the Corporation.

The Corporation has used a NOBO list to send the Proxy-Related Materials directly to NOBOs whose names appear on that list. If the Corporation’s transfer agent, Computershare Investor Services Inc., has sent these materials directly to a NOBO at the request of the Corporation, such NOBO’s name and address and information about its holdings of shares of the Corporation have been obtained from the intermediary holding such shares on the NOBO’s behalf in accordance with applicable securities regulations. As a result, any NOBO of the Corporation can expect to receive a VIF from Computershare Investor Services Inc. NOBOs should complete and return the VIF to Computershare Investor Services Inc. in the envelope provided. In addition, telephone voting and internet voting are available; instructions in respect of the procedure for telephone and internet voting can be found in the VIF. Computershare Investor Services Inc. will tabulate the results of VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the voting of shares represented by such VIFs.

Applicable securities regulations requires intermediaries, on receipt of Proxy-Related Materials that seek voting instructions from Beneficial Shareholders indirectly, to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings on Form 54-101F7 (Request for Voting Instructions Made by Intermediary). Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting or any adjournment(s) thereof. Often, the form of request for voting instructions supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to Registered Shareholders; however, its purpose is limited to instructing the Registered Shareholder how to vote on behalf of the Beneficial Shareholder. Beneficial Shareholders who wish to appear in person and vote at the Meeting should be appointed as their own representatives at the Meeting in accordance with the directions of their intermediaries and Form 54-101F7. Beneficial Shareholders can also write the name of someone else whom they wish to appoint to attend the Meeting and vote on their behalf. Unless prohibited by law, the person whose name is written in the space provided in Form 54-101F7 will have full authority to present matters to the Meeting and vote on all matters that are presented at the Meeting, even if those matters are not set out in Form 54-101F7 or this Circular.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). In forwarding the Proxy-Related Materials to Beneficial Shareholders, Broadridge typically includes a VIF in lieu of the form of proxy that some intermediaries employ. Beneficial Shareholders are requested to complete and return the VIF to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free telephone number to vote the shares held by them or access Broadridge’s dedicated voting website at <https://central-online.proxyvote.com> to deliver their voting instructions. Broadridge will then provide aggregate voting instructions to the Corporation’s transfer agent and registrar, which tabulates the results and provides appropriate instructions respecting the voting of shares to be represented at the Meeting or any adjournment(s) thereof.

EXERCISE OF DISCRETION BY PROXIES

Shares represented by properly-executed proxies or VIFs in favour of the persons designated in the enclosed form of proxy or voting information forms, in the absence of any direction to the contrary, will be voted for the: (i) election of directors; (ii) appointment of an auditor, (iii) resolution ratifying, confirming and approving amendments to the 2016 Stock Option Plan; (iv) resolution ratifying, confirming and approving a grant of stock options to six directors and officers in respect of an aggregate of 9,750,000 common shares under the 2016 Stock Option Plan, (v) resolution ratifying, confirming and approving loan agreements entered into by the Corporation with three directors and officers, and (vi) resolution approving the issuance by the Corporation of 1,230,468 common shares in settlement of debt, as stated under such headings in this Circular. The shares represented by the proxy or VIF will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for, and if a shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. With respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly

come before the Meeting, such shares will be voted by the persons so designated in their discretion. At the time of printing this Circular, management of the Corporation knows of no such amendments, variations or other matters.

VOTING SHARES

As at February 27, 2018, there were 356,295,266 issued and outstanding common shares of the Corporation. Each common share entitles the holder thereof to one vote. The Corporation has fixed February 27, 2018 as the record date (the “**Record Date**”) for the purpose of determining shareholders entitled to receive notice of the Meeting. Pursuant to the *Canada Business Corporations Act*, the Corporation is required to prepare, no later than ten days after the Record Date, an alphabetical list of shareholders entitled to vote as of the Record Date that shows the number of shares held by each shareholder. A shareholder whose name appears on the list referred to above is entitled to vote the shares shown opposite his or her name at the Meeting. The list of shareholders is available for inspection during usual business hours at the head office of the Corporation, Stock Exchange Tower, 800 Victoria Square, Suite 3700, Montreal, Québec H4Z 1E9 and at the Meeting. Only shareholders of record as at the close of business on the Record Date will receive notice of, and be entitled to attend and vote at, the Meeting. A shareholder of record on the Record Date will be entitled to vote those shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, even though the shareholder may subsequently dispose of his or her shares. No shareholder who has become a shareholder after the Record Date will be entitled to attend or vote at the Meeting or any adjournment(s) thereof.

PRINCIPAL SHAREHOLDERS

As at February 27, 2018, to the best knowledge of the Corporation, the following is the only person who beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the common shares of the Corporation:

<u>Name and place of residence</u>	<u>Number of shares held</u>	<u>Percentage</u>
David Lenigas Monaco	58,643,840 ⁽¹⁾	16.47%

(1) The information is based upon reports filed on the SEDI website at www.sedi.ca and is not within the direct knowledge of the Corporation.

ELECTION OF DIRECTORS

The Board currently consists of five directors. The persons named in the enclosed form of proxy intend to vote for the election of the five nominees whose names are set out below. Each director will hold office until the next annual meeting of shareholders or until the election of his successor, unless he resigns or his office becomes vacant by removal, death or other cause.

The following table sets out the name of each of the persons proposed to be nominated for election as director, all other positions and offices with the Corporation now held by such person, his or her principal occupation, the year in which such person became a director of the Corporation, and the number of common shares of the Corporation that such person has advised are beneficially owned or over which control or direction is exercised by such person as at the date indicated below.

<u>Name, municipality of residence and position with the Corporation</u>	<u>Principal occupation</u>	<u>First year as director</u>	<u>Number of shares beneficially owned or over which control is exercised as at February 27, 2018</u>
David Lenigas ⁽³⁾ Monaco Co-Chairman and Director	Co-Chairman of the Corporation	2016	58,643,840
Mazen Haddad ⁽³⁾ Monaco Co-Chairman and Director	Private Investor	2008	12,886,500
Anthony Samaha ⁽¹⁾⁽³⁾ London, England Chief Financial Officer and Director	Chief Financial Officer of the Corporation	2016	1,500,000

Name, municipality of residence and position with the Corporation	Principal occupation	First year as director	Number of shares beneficially owned or over which control is exercised as at February 27, 2018
Mohammed Ghafari ⁽¹⁾⁽²⁾ Pointe-Claire, Québec, Canada Director	Management Consultant	2016	2,500,000
Rafi Hazan ⁽¹⁾⁽³⁾ Montreal, Québec, Canada Corporate Secretary and Director	Consultant	2006	685,004

(1) Member of the Audit Committee.

(2) Member of Corporate Governance and Nominating Committee.

(3) Member of the Disclosure Committee.

The information as to shares beneficially owned or over which the above-named individuals exercise control or direction is not within the knowledge of the Corporation and has been furnished by the respective nominees individually. The Corporation does not have an executive committee.

The following is a brief biography of each of the members of the Board of Directors of the Corporation:

David Lenigas – Co-Chairman and Director

David Lenigas has extensive experience operating in global public markets having served in a senior executive capacity on many public company boards. He served as the executive chairman of Rare Earth Minerals Plc until December 2015, and was responsible for the company’s significant involvement in the discovery of the Sonora Lithium Project in Northern Mexico with its joint venture partner Bacanora Minerals Limited. Mr. Lenigas also served as executive chairman of London main board listed Lonrho plc for six years until September 2012 and was responsible for its expansion into more than 17 countries in Africa in sectors covering agriculture, infrastructure, hotels, IT and aviation. In addition, he served as the executive chairman of LGO Energy plc, leading the company from its creation as an investment company through a series of acquisitions (including a reverse take-over) of projects in the Gulf of Mexico, Malta, Spain and Trinidad. Mr. Lenigas identified the investment opportunity in Trinidad for LGO Energy Plc and then built a management team to assist him in negotiating the terms of the investment with the local Trinidadian partners.

Mr. Lenigas holds a Bachelor of Applied Science (Mining Engineering) with Distinction from Curtin University’s Western Australian Kalgoorlie School of Mines and also holds an unrestricted first class mine manager’s certificate from the Western Australian Government.

Mazen Haddad – Co-Chairman and Director

Mr. Haddad is a private investor and is currently Co-Chairman and a director of the Corporation. Mr. Haddad holds a B.A. degree in economics from Emory University of Atlanta, Georgia. Mr. Haddad was Interim President and Chief Executive Officer of Argex Titanium Inc. (“Argex”), a company listed on the Toronto Stock Exchange, from December 2015 to July 2016, and has been a director of Argex since June 2011. Mr. Haddad was President of Township Capital Inc., a private company whose primary role was to act as a consultant for Palos Capital Pool, L.P., from 2006 until 2010. Prior to that, he served as Chairman of SGI Properties Canada Fund L.P., a private real estate investment trust (REIT) focused on residential real estate in Montreal, Québec, and as Vice-President of SGI Capital Corp., a private investment company.

Anthony Samaha — Chief Financial Officer and Director

Anthony Samaha is a Chartered Accountant (Australia) with more than 20 years’ experience in accounting and corporate finance. Mr. Samaha worked for more than ten years with international accounting firms, including Ernst & Young, principally in corporate finance, gaining significant experience in valuations, IPOs, independent expert reports, and mergers and acquisitions. Mr. Samaha’s experience includes more than ten years as Finance Director for several companies listed on AIM; he also served as Chief Financial Officer of a resource company listed on the TSX Venture Exchange. Mr. Samaha holds Bachelor of Commerce and Bachelor of Economics degrees from the University of Western Australia.

Mohammed Ghafari — Director

Mohammed Ghafari is the Executive Officer of MEEM Solutions Inc., a Canadian-based management consulting company focused on delivering business strategies and market development. Mr. Ghafari was one of the founding members of Digital Planet, a company specialized in Rich Media and video streaming/IPTV services. Prior thereto, Mr. Ghafari served as Middle East Regional Director for Convergys Corporation and as Executive Sales Director - Middle East for Lucent Technologies. He started his career at IBM Corporation, in Research and Development of smart software applications. Mr. Ghafari holds a B.Sc. degree with Honours in Computer Science from Leeds University in England.

Rafi Hazan – Corporate Secretary and Director

Rafi Hazan is a consultant and secretary of the Corporation. Mr. Hazan was the Chief Financial Officer of the Corporation from August 30, 2013 to July 12, 2016. Prior thereto, he co-founded Buzz Telecommunications Services Inc., a company listed on the TSX Venture Exchange and the predecessor corporation of the Corporation, and served as its Chairman, President and Chief Executive Officer from 2006. Prior to that position, he co-founded and was the Chief Operating Officer of Cartel International Inc., a company specialized in the distribution of prepaid calling cards and other services via electronic terminals (POS). He also co-developed one of the first prepaid switching platforms for the telephone calling card industry in Canada. For more than 15 years, Mr. Hazan held various positions in both engineering and management in the telecom industry at companies such as SR Telecom, NHC Communications Inc. and Israel Aircraft Industry. Mr. Hazan holds a Bachelor of Science degree from the Technion, Israel Institute of Technology in Aerospace and Telecommunications, an MBA from Paris-Dauphine University in France and an MBA from Université du Québec à Montréal (UQAM). Mr. Hazan is a member of the Ordre des Ingénieurs du Québec.

To the knowledge of the Corporation, other than as set out below, none of the foregoing nominees for election as a director:

- (a) is, or within the last ten years has been, a director, chief executive officer or chief financial officer of any company that:
 - (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an “**Order**”), which Order was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
 - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
- (b) is, or within the last ten years has been, a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the last ten years, 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 his assets.

Mr. Haddad is a director and the former interim Chief Executive Officer of Argex, which was subject to a management cease trade order (“**MCTO**”) issued on March 31, 2016 by Autorité des marchés financiers (“**AMF**”) which restricted all trading in securities of Argex by its executive officers and directors. The MCTO was issued in respect of the late filing of Argex’s annual financial statements, accompanying management’s discussion and analysis, related CEO and CFO certifications and annual information form for the financial year ended December 31, 2015. The MCTO was lifted by the AMF on May 18, 2016 upon the filing by Argex on April 28, 2016 of the annual financial statements and related documents referred to above.

IOU Central Inc. and its officers and directors were the subject of an order to cease trading and acting as a securities adviser issued by the Bureau de décision et de révision en valeurs mobilières on February 27, 2008 at the request of the AMF. In the

said order, Mazen Haddad was erroneously named as one of the directors of IOU Central Inc. Mazen Haddad was not, nor has he ever been, an officer or director of IOU Central Inc., and the order against him was revoked on March 20, 2008.

Lobster Harvest Ltd (“**LHL**”), an unlisted aquaculture company incorporated in Australia of which Anthony Samaha was a non-executive director, was placed into creditors’ voluntary liquidation in March 2012. LHL was subsequently dissolved in February 2014 and priority creditors were paid in full. Unsecured creditors, representing primarily LHL’s largest shareholder, did not receive a dividend.

None of the foregoing nominees for election as director of the Corporation 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.

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Compensation Discussion and Analysis

This Compensation Discussion and Analysis is intended to provide information about the Corporation’s executive compensation philosophy, objectives and process and to discuss compensation relating to each person who acted as Chief Executive Officer and as Chief Financial Officer and the three most highly-compensated executive officers (or three most highly-compensated individuals acting in a similar capacity), other than the Chief Executive Officer and Chief Financial Officer, whose total compensation was more than \$150,000 in the Corporation’s last financial year (each a “**Named Executive Officer**” or “**NEO**”) and collectively the “**Named Executive Officers**” or “**NEOs**”). For the fiscal year ended September 30, 2017, the Corporation had three Named Executive Officers, namely, the Chief Executive Officer (John A.D. McMullen), the former Chief Executive Officer (David Lenigas) and the Chief Financial Officer (Anthony Samaha).

The following is a description of the Corporation’s executive compensation philosophy and objectives for the fiscal year ended September 30, 2017.

Compensation Philosophy and Objectives

The Corporation has significant investments and joint ventures in international companies with Cuban ties that are well positioned to grow with the Cuban economy. At present, the Corporation does not have positive earnings. In light of the Corporation’s current stage of development, it does not have a formal compensation program. The Board of Directors meets to discuss and determine management compensation without reference to formal criteria. The general objective of the Corporation’s compensation is 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; (iii) provide a compensation package that is commensurate with other investment companies in order to enable the Corporation to attract and retain talent; and (iv) ensure that the total compensation package is designed in a manner that takes into account the constraints under which the Corporation operates by virtue of the fact that it is a small investment company without a history of earnings.

Compensation Process

The Board of Directors, as a whole, upon the advice of the Corporate Governance and Nominating Committee, ensures that total compensation paid to all Named Executive Officers is fair and reasonable and accomplishes the following long-term objectives:

- produce long-term, positive results for the Corporation’s shareholders;
- align executive compensation with corporate performance; and
- provide market-competitive compensation and benefits that will enable the Corporation to recruit, retain and motivate the executive talent necessary to be successful.

Analysis of Elements

The compensation paid to Named Executive Officers is comprised of two main components: base salary and long-term incentives, in the form of stock options granted pursuant to the Corporation's 2016 Stock Option Plan, adopted by the Board of Directors on June 2, 2016. The following discussion describes the components of compensation and discusses how each component relates to the Corporation's overall executive compensation objective. The Corporation believes that:

- base salaries provide an immediate cash incentive for the Corporation's NEOs and should be at levels competitive with peer companies that compete with the Corporation for business opportunities and executive talent; and
- stock options ensure that the NEOs are motivated to achieve long-term growth of the Corporation and increases in shareholder value, and provide capital accumulation linked directly to the Corporation's performance.

The Corporation places equal emphasis on base salary and stock options as short-term and long-term incentives, respectively.

Base Salaries

Base salaries are based primarily on the level of responsibility of the position, the qualifications and experience of the officer and market conditions.

The base salaries of the NEOs are reviewed annually to ensure that they take into account the following factors: market and economic conditions, levels of responsibility and accountability of each NEO, skill and competencies of each individual, retention considerations, and level of demonstrated performance.

Base salaries, including that of the Chief Executive Officer, are reviewed by the Board of Directors as a whole, on the basis of its opinion as to a fair and responsible compensation package, taking into account the contribution of the Chief Executive Officer to the Corporation's long-term growth and the knowledge of the members of the Board of Directors with respect to remuneration practices in Canada.

Long-Term Incentive Plans and Stock Option Plan

The Corporation has no long-term incentive plans in effect other than the 2016 Stock Option Plan. The Corporation provides long-term incentive compensation to its NEOs through the 2016 Stock Option Plan. The Board of Directors grants options from time-to-time based on its assessment of the appropriateness of doing so in light of the long-term strategic objectives of the Corporation, its current stage of development, the need to retain or attract particular key personnel, the number of options already outstanding and overall market conditions. The Board of Directors views the granting of options as a means of promoting the success of the Corporation and higher returns to its shareholders. As such, the Board of Directors does not grant options in excessively dilutive numbers or at exercise prices not reflective of the Corporation's underlying value. During the financial year ended September 30, 2017, the Corporation granted stock options in respect of an aggregate of 14,000,000 common shares to the NEOs and directors as set out under "Stock Options and Other Compensation Securities" below. For the material terms and conditions of the Corporation's 2016 Stock Option Plan, see the heading "2016 Stock Option Plan" below.

Group Benefits/Perquisites

The officers of the Corporation do not benefit from any life, medical, long-term disability or other insurance. None of the officers benefits from a retirement plan.

External Compensation Consultants

During the fiscal years ended September 30, 2017 and September 30, 2016, the Corporation did not retain the services of executive compensation consultants to assist the Board of Directors in determining compensation for any of the Corporation's Named Executive Officers or directors.

Assessment of Risks Associated with the Corporation's Compensation Policies and Practices

The Board of Directors has assessed the Corporation's compensation plans and programs for its executive officers to ensure alignment with the Corporation's business plan and to evaluate the potential risks associated with those plans and programs. The Board of Directors has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Corporation.

The Board of Directors considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

The Corporation has not adopted a policy restricting its NEOs or directors from purchasing financial instruments that are designated to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its NEOs or directors. To the knowledge of the Corporation, none of the NEOs or directors has purchased such financial instruments.

Summary of the Compensation of the Named Executive Officers and Directors

On July 12, 2016, Leni Gas Cuba Limited ("**Leni Gas Cuba**") completed a reverse asset acquisition and takeover ("**RTO**") of Knowlton Capital Inc. ("**Knowlton**"). On completion of the RTO, Knowlton changed its name to LGC Capital Ltd. (the Corporation).

As a consequence of the RTO and pursuant to securities legislation, the year-end of the Corporation was changed to September 30, the year-end of Leni Gas Cuba. As a result of the RTO, for accounting purposes, Leni Gas Cuba, the legal acquiree, is the accounting acquirer of the Corporation and all comparative information presented in this Circular relates to the financial position, operations and results of Leni Gas Cuba since its incorporation on March 3, 2015. The results of operations of the Corporation are included in the financial information in this Circular post-completion of the RTO on July 12, 2016.

After completion of the RTO, the former shareholders of Leni Gas Cuba held 84.43% of the common shares of the Corporation while shareholders of Knowlton held 15.57% of the common shares of the Corporation.

The comparative information of Leni Gas Cuba has been translated from the British pound (GBP) to Canadian dollars, which is the reporting currency of the Corporation.

The following table provides information for the fiscal years ended September 30, 2017 and September 30, 2016 regarding compensation paid to or earned by the NEOs and directors, excluding compensation securities.

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 (\$)
David Lenigas ⁽¹⁾ Co-Chairman and Director (former CEO)	2017	170,643	—	—	—	—	170,643
	2016	204,247	—	—	—	—	204,247
John A.D. McMullen ⁽²⁾ President and Chief Executive Officer	2017	56,000	—	—	—	—	56,000
	2016	—	—	—	—	—	—
Anthony Samaha ⁽³⁾ Chief Financial Officer and Director	2017	165,329	32,933	—	—	—	198,261
	2016	126,607 ⁽⁴⁾	—	—	—	—	126,607
Mazen Haddad ⁽⁵⁾ Co-Chairman and Director	2017	174,421	—	—	—	—	174,421
	2016	33,008 ⁽⁶⁾	—	—	—	—	33,008
Rafi Hazan ⁽⁷⁾ Secretary and Director	2017	48,000	—	—	—	—	48,000
	2016	9,613 ⁽⁸⁾	—	—	—	—	9,613
Mohammed Ghafari ⁽⁹⁾ Director	2017	19,100	—	—	—	—	19,100
	2016	—	—	—	—	—	—
Sébastien Bellefleur ⁽¹¹⁾ Former Director	2017	—	—	—	—	—	—
	2016	—	—	—	—	—	—
Guy Charette ⁽¹²⁾ Former Director	2017	—	—	—	—	—	—
	2016	—	—	—	—	—	—

- (1) Mr. Lenigas was appointed Co-Chairman and Chief Executive Officer of the Corporation on July 12, 2016. Mr. Lenigas resigned as Chief Executive Officer of the Corporation on February 23, 2017.
- (2) Mr. McMullen was appointed President and Chief Executive Officer of the Corporation on February 23, 2017.
- (3) Mr. Samaha was appointed Chief Financial Officer of the Corporation on July 12, 2016.
- (4) For the period ended September 30, 2017, compensation of \$39,796 was paid directly to Mr. Samaha and \$158,464 was paid to Santannos Ltd., a company controlled by Mr. Samaha. For the period ended September 30, 2016, compensation of \$104,910 was paid directly to Mr. Samaha and \$21,698 was paid to Santannos Ltd., a company controlled by Mr. Samaha.
- (5) Mr. Haddad resigned as President and Chief Executive Officer of Knowlton on July 12, 2016 and was appointed Co-Chairman of the Corporation on July 12, 2016.
- (6) For the period ended September 30, 2017, compensation of \$174,421 was paid to Clomata Ltd., a company controlled by Mr. Haddad. For the period ended September 30, 2016, compensation of \$3,403 was paid directly to Mr. Haddad and \$29,605 was paid to Clomata Ltd., a company controlled by Mr. Haddad.
- (7) Mr. Hazan resigned as Chief Financial Officer of Knowlton on July 12, 2016.
- (8) For the period ended September 30, 2017, compensation of \$48,000 was paid to a company controlled by Mr. Hazan. For the period ended September 30, 2016, compensation of \$9,613 was paid to a company controlled by Mr. Hazan.
- (9) Mr. Ghafari was appointed to the Board of Directors on December 19, 2016.
- (10) For the period ended September 30, 2017, compensation of \$19,100 was paid to a company controlled by Mr. Ghafari.
- (11) Mr. Bellefleur was elected to the Board of Directors of Knowlton on July 6, 2016 and resigned as a director of the Corporation on September 13, 2017.
- (12) Mr. Charette resigned as a director of the Corporation on December 16, 2016.

Stock Options and Other Compensation Securities

The following table sets out the details of all compensation securities granted or issued to the Named Executive Officers and directors during the year ended September 30, 2017, the Corporation's most recently-completed financial year.

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 Lenigas ⁽¹⁾ Co-Chairman and Director	—	—	—	—	—	—	—
John McMullen ⁽²⁾ President and Chief Executive Officer	Options	5,000,000 5,000,000	March 31, 2017	\$0.05 \$0.10	\$0.03	\$0.14	March 31, 2022
Anthony Samaha Chief Financial Officer and Director	Options ⁽³⁾	2,000,000	March 31, 2017	\$0.05	\$0.03	\$0.14	March 31, 2022
Mazen Haddad Co-Chairman and Director	—	—	—	—	—	—	—
Rafi Hazan Secretary and Director	—	—	—	—	—	—	—
Mohammed Ghafari ⁽⁴⁾ Director	Options	2,000,000	March 31, 2017	\$0.05	\$0.03	\$0.14	March 31, 2022
Sébastien Bellefleur ⁽⁵⁾ Former Director	—	—	—	—	—	—	—
Guy Charette ⁽⁶⁾ Former Director	—	—	—	—	—	—	—

- (1) Mr. Lenigas was appointed Co-Chairman and Chief Executive Officer of the Corporation on July 12, 2016. Mr. Lenigas resigned as Chief Executive Officer of the Corporation on February 23, 2017.
- (2) Mr. McMullen was appointed President and Chief Executive Officer of the Corporation on February 23, 2017.
- (3) The options were granted to Santannos Ltd., a company controlled by Mr. Samaha.
- (4) Mr. Ghafari was appointed to the Board of Directors on December 19, 2016.
- (5) Mr. Bellefleur resigned as a director of the Corporation on September 13, 2017.
- (6) Mr. Charette resigned as a director of the Corporation on December 16, 2016.

The following table sets out, for each Named Executive Officer and director, the exercise of compensation securities during the year ended September 30, 2017, the Corporation's most recently-completed financial year.

Exercise of Compensation Securities by Directors and NEOs							
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 (\$)
David Lenigas ⁽¹⁾ Co-Chairman and Director	—	—	—	—	—	—	—
John McMullen ⁽²⁾ President and Chief Executive Officer	—	—	—	—	—	—	—
Anthony Samaha Chief Financial Officer and Director	—	—	—	—	—	—	—
Mazen Haddad Co-Chairman and Director	—	—	—	—	—	—	—
Rafi Hazan Secretary and Director	—	—	—	—	—	—	—
Mohammed Ghafari ⁽³⁾ Director	—	—	—	—	—	—	—
Sébastien Bellefleur ⁽⁴⁾ Former Director	—	—	—	—	—	—	—
Guy Charette ⁽⁵⁾ Former Director	—	—	—	—	—	—	—

(1) Mr. Lenigas was appointed Co-Chairman and Chief Executive Officer of the Corporation on July 12, 2016. Mr. Lenigas resigned as Chief Executive Officer of the Corporation on February 23, 2017.

(2) Mr. McMullen was appointed President and Chief Executive Officer of the Corporation on February 23, 2017.

(3) Mr. Ghafari was appointed to the Board of Directors on December 19, 2016.

(4) Mr. Bellefleur resigned as a director of the Corporation on September 13, 2017.

(5) Mr. Charette resigned as a director of the Corporation on December 16, 2016.

Termination and Change of Control Benefits

The Corporation has no plan or arrangement whereby any NEO may be compensated in the event of the NEO's resignation, retirement or other termination of employment, or in the event of a change of control of the Corporation or a change in the NEO's responsibilities following such a change of control.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at September 30, 2017, the end of the Corporation's last fiscal year, with respect to compensation plans pursuant to which equity securities of the Corporation are authorized for issuance.

Plan Category	Number of shares to be issued upon exercise of outstanding options, warrants and rights (a) ⁽¹⁾	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of shares remaining available for future issuance under the Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity compensation plans previously approved by shareholders	46,513,179	\$0.279	295,886
Equity compensation plans not previously approved by shareholders	—	—	—

(1) The Corporation does not have any warrants or rights outstanding under any equity compensation plans.

The options referred to in the table above were granted pursuant to the 2016 Stock Option Plan. See “2016 Stock Option Plan” for a description of the material features of the 2016 Stock Option Plan.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No person who is, or who was at any time during the fiscal year ended September 30, 2017, a director, executive officer or senior officer of the Corporation or a subsidiary thereof, and no person who is a nominee for election as a director of the Corporation, and no associate of such persons, is, or was at any time since the beginning of the fiscal year ended September 30, 2017, indebted to the Corporation or a subsidiary of the Corporation, nor has any such person been indebted at any time since the beginning of the fiscal year ended September 30, 2017 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 Corporation or a subsidiary of the Corporation, other than as follows:

- (i) John McMullen, President and Chief Executive Officer of the Corporation, entered into a Loan Agreement dated February 15, 2018 with the Corporation, pursuant to which the Corporation loaned \$358,761.16 to Mr. McMullen;
- (ii) Rafi Hazan, Secretary and a director of the Corporation, entered into a Loan Agreement dated February 12, 2018 with the Corporation, pursuant to which the Corporation loaned \$69,042.75 to Mr. Hazan; and
- (iii) Mohammed Ghafari, a director of the Corporation, entered into a Loan Agreement dated February 14, 2018 with the Corporation, pursuant to which the Corporation loaned \$225,377 to Mr. Ghafari.

In each case, the funds were used by the borrower to fund the exercise of stock options of the Corporation held by the borrower, and to fund the payment of Canadian federal and Québec provincial taxes resulting from such exercise. The loans have a term of two years and do not bear interest.

AUDIT COMMITTEE

Charter of the Audit Committee

The Charter of the Audit Committee is annexed to this Circular as Schedule E.

Composition of the Audit Committee

The Audit Committee is composed of Mohammed Ghafari (Chairman), Anthony Samaha and Rafi Hazan. Under National Instrument 52-110 *Audit Committees*, a member of the Audit Committee is “independent” if he or she has no direct or indirect material relationship with the issuer, that is, a relationship which could, in the view of the Board of Directors, reasonably interfere with the exercise of the member’s independent judgment.

The Board of Directors has determined that Mohammed Ghafari is an independent member of the Audit Committee, that Anthony Samaha is not an independent member of the Audit Committee as he is Chief Financial Officer of the Corporation

and that Rafi Hazan is not an independent member of the Audit Committee, as he is the former Chief Financial Officer of the Corporation.

The Board of Directors has determined that each of the three members of the Audit Committee is “financially literate” within the meaning of section 1.5 of National Instrument 52-110 *Audit Committees*, that is, each member 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.

Education and Relevant Experience

The education and related experience of each of the members of the Audit Committee are set out above under the heading “Election of Directors”.

Audit Committee Oversight

Since the commencement of the Corporation’s most recently-completed financial year, the Corporation’s Board of Directors has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Reliance on Certain Exemptions

Since the commencement of the Corporation’s most recently-completed financial year, the Corporation has not relied on the exemptions contained in sections 2.4 or 8 of National Instrument 52-110 *Audit Committees*. Section 2.4 (*De Minimis Non-audit Services*) provides an exemption from the requirement that the Audit Committee pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 (*Exemptions*) permits a company to apply to a securities regulatory authority for an exemption from the requirements of National Instrument 52-110 *Audit Committees* in whole or in part.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as set out in the Charter of the Audit Committee. Any additional audit services which are required, are presented to the Audit Committee as required. During the fiscal year ended September 30, 2017, the Corporation incurred no expenses which required pre-approval.

External Auditor Fees

(a) Audit Fees

“Audit fees” consist of fees for professional services for the audit of the Corporation’s annual financial statements, assistance with interim financial statements, and related matters. Ernst & Young LLP, Chartered Professional Accountants, the Corporation’s external auditor, billed the Corporation \$56,970 in audit fees in respect of the fiscal year ended September 30, 2017 and billed the Corporation \$75,707 in audit fees during the fiscal period ended September 30, 2016.

(b) Audit-Related Fees

“Audit-related fees” consist of fees for professional services that are reasonably related to the performance of the audit or review of the Corporation’s financial statements and which are not reported under “Audit Fees” above. Ernst & Young LLP, Chartered Professional Accountants, the Corporation’s external auditor, did not bill the Corporation for audit-related fees during the fiscal year ended September 30, 2017 or during the fiscal period ended September 30, 2016.

(c) Tax Fees

“Tax fees” consist of fees for professional services for tax compliance, tax advice and tax planning. Ernst & Young LLP, Chartered Professional Accountants, the Corporation’s external auditor, billed the Corporation \$7,449 in tax fees during the fiscal year ended September 30, 2017 and did not bill the Corporation for tax fees during the fiscal period ended September 30, 2016.

(d) *All Other Fees*

“All Other Fees” consist of fees for services other than the audit fees, audit-related fees and tax fees described above. Ernst & Young LLP, Chartered Professional Accountants, the Corporation’s external auditor, did not bill the Corporation for any other services during the fiscal year ended September 30, 2017 or during the fiscal period ended September 30, 2016.

Exemption

The Corporation is relying on the exemption set out in section 6.1 of National Instrument 52-110 *Audit Committees*, with respect to the composition of the Audit Committee and certain reporting obligations.

APPOINTMENT OF AUDITOR

Except where authorization to vote with respect to the appointment of the auditor is withheld, the persons named in the accompanying form of proxy intend to vote for the appointment of Ernst & Young LLP, Chartered Professional Accountants, as the auditor of the Corporation until the next annual meeting of shareholders, at such remuneration as may be determined by the Board of Directors. Ernst & Young LLP, Chartered Professional Accountants, have served as the auditor of the Corporation since November 1, 2016.

AMENDMENTS TO THE 2016 STOCK OPTION PLAN

On December 8, 2017 and February 20, 2018, the Board of Directors of the Corporation adopted amendments to the 2016 Stock Option Plan of the Corporation (the “**Plan**”) increasing to 71,230,957 from 46,809,065 the number of common shares that may be issued under the Plan. At the Meeting, Shareholders will be called upon to vote on the resolution annexed to this Circular as Schedule A (the “**Stock Option Plan Resolution**”) approving such amendments to the Plan. The Board of Directors increased the number of shares which may be issued under the Plan in part to reflect the increase during the last year in the number of issued and outstanding common shares of the Corporation following a number of private placements by the Corporation, most notably a “bought-deal” private placement in an amount of \$8 million completed on February 16, 2018.

Prior to the two amendments, the Plan provided for the issuance of a maximum of 46,809,065 common shares upon the exercise of stock options. On December 8, 2017, the Board of Directors amended the Plan so as to increase the number of common shares reserved for issuance thereunder to 58,946,726 shares, representing an increase of 12,137,661 common shares. On February 20, 2018, the Board of Directors again amended the Plan so as to increase the number of common shares reserved for issuance thereunder to 71,230,957 shares, representing an increase of 12,294,231 additional common shares. The 71,230,957 shares which may be issued under the Plan represents 20% of the number of issued and outstanding shares of the Corporation on February 20, 2018 (356,154,788 shares).

The amendments to the Plan have been conditionally approved by the TSX Venture Exchange, subject to shareholder approval. In order to be adopted, the Stock Option Plan Resolution must be approved by a simple majority of the votes cast by the holders of the common shares, either present in person or represented by proxy at the Meeting. In the event that the Stock Option Plan Resolution is not approved at the Meeting, the maximum number of common shares that can be issued under the Plan will remain at 46,809,065. The material terms and conditions of the Plan are set out below under “2016 Stock Option Plan”.

Unless otherwise specified, the persons named in the accompanying form of proxy intend to vote for the Stock Option Plan Resolution.

RATIFICATION OF STOCK OPTION GRANTS

On December 8, 2017, following an amendment to the Plan by the Board of Directors whereby the number of common shares issuable under the Plan was increased to 58,946,726 shares, the Board of Directors granted stock options in respect of an aggregate of 9,750,000 common shares to six directors and officers of the Corporation, among others. The exercise price of the stock options is \$0.36 per share, representing the closing price of the Corporation’s common shares on the TSX Venture Exchange on December 7, 2017.

The TSX Venture Exchange conditionally approved the grant of the stock options, subject to approval of the amendment to the Plan as described above under “Amendments to the 2016 Stock Option Plan” and subject to disinterested shareholder

approval. At the Meeting, Shareholders will be called upon to vote on the resolution annexed to this Circular as Schedule B (the “**Stock Option Grant Resolution**”) ratifying, confirming and approving the grant of the stock options.

In order to be adopted, the Stock Option Grant Resolution must be approved by a simple majority of the votes cast by the holders of the common shares, either present in person or represented by proxy at the Meeting, other than the votes attaching to shares beneficially owned by the six directors and officers of the Corporation to whom the stock options were granted and their respective associates. Consequently, the votes attached to 79,430,132 common shares held by such individuals and their associates will not be included for the purposes of approving the Stock Option Grant Resolution. In the event that the Stock Option Grant Resolution is not approved at the Meeting, the stock options in respect of 9,750,000 common shares will be null and void.

Unless otherwise specified, the persons named in the accompanying form of proxy intend to vote for the Stock Option Grant Resolution.

2016 STOCK OPTION PLAN

The Plan was established by the Board of Directors of the Corporation on June 2, 2016 and approved by the shareholders of the Corporation at an annual and special meeting of the shareholders of the Corporation held on July 6, 2016. The following are the material terms and conditions of the Plan:

- (a) the Board of Directors of the Corporation may grant options to directors, officers and employees of, and consultants to, the Corporation and its subsidiaries;
- (b) subject to shareholder approval as described above under “Amendments to the 2016 Stock Option Plan”, a maximum of 71,230,957 common shares are issuable under the 2016 Stock Option Plan;
- (c) the aggregate number of common shares reserved for issuance upon the exercise of options by any one person cannot exceed, during any twelve-month period, 5% of the number of issued and outstanding common shares of the Corporation at the date the option is granted;
- (d) the aggregate number of common shares reserved for issuance upon the exercise of options by any one consultant cannot exceed, during any twelve-month period, 2% of the number of issued and outstanding common shares of the Corporation at the date the option is granted to the consultant;
- (e) the aggregate number of common shares reserved for issuance upon the exercise of options by any person employed to provide investor-relation activities cannot exceed, during any twelve-month period, 2% of the number of issued and outstanding common shares of the Corporation at the date the option is granted to such person;
- (f) the exercise price of the options is determined by the Board of Directors at the time the options are granted, but cannot be less than the closing price of the Corporation’s common shares on the trading day immediately preceding the day on which the option is granted, less the maximum discount permitted under the policies of the TSX Venture Exchange;
- (g) subject to the requirements of the TSX Venture Exchange, the Board has the discretion to set the terms of any vesting schedule for each option granted;
- (h) the period during which an option may be exercised is determined by the Board of Directors at the time of grant, after which the option lapses, subject to a maximum of ten years from the date of grant;
- (i) options are not assignable or transferable, except by will or the laws of succession;
- (j) if an optionee becomes, in the determination of the Board of Directors, permanently disabled while employed by the Corporation or while a director thereof or consultant thereto, any option may be exercised only for that number of shares which the optionee was entitled to acquire at the time of the occurrence of the permanent disability, at the latest on the date of expiry of the option or 90 days after such occurrence (30 days if the optionee was engaged in investor-relation activities), whichever occurs first, after which the option lapses;

- (k) if an optionee dies, any option held by the optionee may be exercised only for that number of shares which the optionee was entitled to acquire at the time of death, at the latest on the date of expiry of the option or one year after the date of death, whichever occurs first, after which the option lapses;
- (l) upon an optionee's employment, office, directorship or consulting services with the Corporation terminating or ending otherwise than by reason of death, permanent disability or termination for cause, any option held by the optionee may be exercised only for that number of shares which the optionee was entitled to acquire at such time, at the latest on the date of expiry of the option or 90 days after such date (30 days if the optionee was engaged in investor-relation activities), whichever occurs first, after which the option lapses;
- (m) the option price is payable in full at the time an option is exercised; and
- (n) in the event that an offer to purchase the common shares of the Corporation or any part thereof is made to all shareholders, the Corporation has the right to permit the exercise of all outstanding options within a 20-day period and to determine that upon the expiry of such 20-day period, the options lapse.

LOANS TO OFFICERS AND DIRECTORS

In February 2018, the Corporation entered into loan agreements with three of its directors and officers. Specifically, the Corporation entered into loan agreements with:

- (i) John McMullen, President and Chief Executive Officer of the Corporation, on February 15, 2018, pursuant to which the Corporation loaned \$358,761.16 to Mr. McMullen;
- (ii) Rafi Hazan, Secretary and a director of the Corporation, on February 12, 2018, pursuant to which the Corporation loaned \$69,042.75 to Mr. Hazan; and
- (iii) Mohammed Ghafari, a director of the Corporation, on February 14, 2018, pursuant to which the Corporation loaned \$225,377 to Mr. Ghafari.

In each case, the funds were used exclusively by the borrower to fund the exercise of stock options of the Corporation held by the borrower and to fund the payment of Canadian federal and Québec provincial taxes resulting from such exercise. The loans have a term of two years and do not bear interest.

Under the policies of the TSX Venture Exchange, the three loans are subject to disinterested shareholder approval. At the Meeting, Shareholders will be called upon to vote on the resolution annexed to this Circular as Schedule C (the "**Loan Resolution**") ratifying, confirming and approving the three loans made by the Corporation.

In order to be adopted, the Loan Resolution must be approved by a simple majority of the votes cast by the holders of the common shares, either present in person or represented by proxy at the Meeting, other than the votes attaching to shares beneficially owned by the three directors and officers of the Corporation to whom the loans were made and their respective associates. Consequently, the votes attached to 6,399,792 common shares held by such individuals and their associates will not be included for the purposes of approving the Loan Resolution. In the event that the Loan Resolution is not approved at the Meeting, the loans will be null and void and the borrowers will be required to make immediate repayment to the Corporation.

Unless otherwise specified, the persons named in the accompanying form of proxy intend to vote for the Loan Resolution.

ISSUANCE OF SHARES IN PAYMENT OF DEBT

In September 2017, the Corporation reached with an agreement with Donald Strang to settle debt owed to him and an associated company in an aggregate amount of \$124,585 through an issuance of 1,230,468 shares, as set out below. The Corporation issued a press release regarding this matter on September 5, 2017.

The Corporation is indebted to Donald Strang in an amount of \$48,666, representing Mr. Strang's employment fees as a non-executive director of Leni Gas Cuba, a wholly-owned subsidiary of the Corporation,. The Corporation reached an agreement

with Mr. Strang whereby the Corporation will pay Mr. Strang through an issuance of 480,651 shares at a deemed price of \$0.10125 per share.

Leni Gas Cuba is indebted to Cadence Minerals plc (“**Cadence**”), formerly known as Rare Earth Minerals plc, in an amount of \$75,919, representing unpaid rent pursuant to a licence to occupy a furnished and serviced office suite entered into on April 1, 2016 between Leni Gas Cuba and Rare Earth Minerals plc. The Corporation reached an agreement with Cadence whereby the Corporation will pay Cadence through an issuance of 749,817 shares at a deemed price of \$0.10125 per share.

The deemed issue price for the shares of \$0.10125 is based on the closing price of the Corporation’s shares on the TSX Venture Exchange on September 4, 2017, less the discount permitted under the policies of the TSX Venture Exchange.

At the time of the agreement, Mr. Strang was an “insider” of the Corporation as Mr. Strang owned more than 10% of the issued and outstanding shares of the Corporation, and Cadence is a company for which Mr. Strang served as Finance Director and Corporate Secretary. To the knowledge of the Corporation, Mr. Strang no longer owns more than 10% of the issued and outstanding shares of the Corporation.

Due to the deemed non-arm’s length relationship in September 2017, under the policies of the TSX Venture Exchange, the issuance of shares to Mr. Strang and Cadence is subject to disinterested shareholder approval. At the Meeting, Shareholders will be called upon to vote on the resolution annexed to this Circular as Schedule D (the “**Share Issuance Resolution**”), approving the issuance of 1,230,468 shares by the Corporation in settlement of the two debts.

In order to be adopted, the Share Issuance Resolution must be approved by a simple majority of the votes cast by the holders of the common shares, either present in person or represented by proxy at the Meeting, other than the votes attaching to shares beneficially owned by Donald Strang and his associates. To the knowledge of the Corporation, Mr. Strang and his associates exercise control or direction over 28,400,000 shares. Consequently, the votes attached to those shares will not be included for the purposes of approving the Share Issuance Resolution. In the event that the Share Issuance Resolution is not approved at the Meeting, the Corporation will not issue the 1,230,468 shares to Mr. Strang and Cadence.

Unless otherwise specified, the persons named in the accompanying form of proxy intend to vote for the Share Issuance Resolution.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No “informed person” of the Corporation, that is: (a) the directors and executive officers of the Corporation; (b) any person who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the Corporation’s outstanding voting shares; (c) any director or executive officer of a person referred to in (b) above; or (d) any associate or affiliate of any “informed person” of the Corporation, has any material interest, direct or indirect, in any transaction since October 1, 2016 or in any proposed transaction which has materially affected or would materially affect the Corporation.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

The Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of (i) any person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation’s last financial year, (ii) any nominee for election as director of the Corporation, or (iii) any associate or affiliate of the persons listed in (i) and (ii), in any matter to be acted upon at the Meeting, other than the election of directors, the ratification, confirmation and approval of amendments to the Plan referred to under “Amendments to the 2016 Stock Option Plan” above, the ratification, confirmation and approval of the grant of stock options referred to under “Ratification of Stock Option Grants” above, and the ratification, confirmation and approval of loans to three directors and officers of the Corporation referred to under “Loans to Officers and Directors” above.

OTHER MATTERS

Management of the Corporation knows of no other matter to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters which are not known to the management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

SHAREHOLDER PROPOSALS

The *Canada Business Corporations Act* provides, in effect, that a registered holder or beneficial owner of shares that is entitled to vote at an annual meeting of the Corporation may submit to the Corporation notice of any matter that the person proposes to raise at the meeting (referred to as a “**Proposal**”) and discuss at the meeting any matter in respect of which the person would have been entitled to submit a Proposal. The *Canada Business Corporations Act* further provides, in effect, that the Corporation must set out the Proposal in its management information circular along with, if so requested by the person who makes the Proposal, a statement in support of the Proposal by such person. However, the Corporation will not be required to set out the Proposal in its management information circular or include a supporting statement if, among other things, the Proposal is not submitted to the Corporation at least 90 days before the anniversary date of the notice of meeting that was sent to the shareholders in connection with the previous annual meeting of shareholders of the Corporation. As the notice in connection with the Meeting is dated February 28, 2018, the deadline for submitting a proposal to the Corporation in connection with the next annual meeting of shareholders is November 30, 2018.

The foregoing is a summary only; shareholders should carefully review the provisions of the *Canada Business Corporations Act* relating to Proposals and consult with a legal advisor.

CORPORATE GOVERNANCE PRACTICES

National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices*, set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation’s required annual disclosure of its corporate governance practices.

1. Board of Directors

The Board of Directors considers that Mohammed Ghafari is independent within the meaning of National Instrument 52-110 *Audit Committees*.

The Board of Directors considers that the following directors are not independent within the meaning of National Instrument 52-110 *Audit Committees*: David Lenigas, in that he is the former Chief Executive Officer of the Corporation, Anthony Samaha, in that he is the Chief Financial Officer of the Corporation, Mazen Haddad, in that he is the former Chief Executive Officer of the Corporation, and Rafi Hazan, in that he is the former Chief Financial Officer of the Corporation.

The Board of Directors considers that one of the five members of the Board of Directors is independent within the meaning of National Instrument 52-110 *Audit Committees*. Accordingly, a majority of the members of the Board of Directors is not independent.

2. Directorships

The following directors are currently directors of other issuers that are reporting issuers (or the equivalent) in a jurisdiction of Canada or a foreign jurisdiction:

Name of Director	Issuer
Mazen Haddad	Argex Titanium Inc.

3. Orientation and Continuing Education

The Corporation does not currently have a formal orientation program for new directors. The Board of Directors encourages directors to participate in ongoing professional development through qualified organizations.

4. Ethical Business Conduct

In light of the Corporation's stage of development and its limited number of employees, the Board of Directors has not taken formal steps to encourage and promote a culture of ethical business conduct. The Corporation does take measures to ensure that the directors, officers and employees do not trade in the Corporation's shares at a time when disclosure of material information is pending.

Notwithstanding the absence of a formal code of conduct, the Board of Directors believes that the fiduciary duties placed on individual directors by the *Canada Business Corporations Act* and the common law, as well as the restrictions placed by the *Canada Business Corporations Act* on an individual director's participation in decisions of the Board of Directors in which the director has an interest, have been sufficient to ensure that the Board of Directors operates independently of management and in the best interests of the Corporation.

Further, it is the policy of the Corporation that an interested director or officer recuse himself or herself from the decision-making process pertaining to a contract or transaction in which he or she has an interest.

5. Nomination of Directors

The Board of Directors will consider new candidates for nomination, if deemed necessary. The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of view and experience.

6. Compensation

In determining the compensation of the directors, the Board considers the size of the Corporation, its financial resources and the contribution of the directors to the Corporation's growth. During the fiscal year ended September 30, 2017, the directors did not receive any cash compensation and were not granted any options.

The process by which the Corporation currently determines the compensation of its executive officers and directors is described in the section entitled "Compensation of Executive Officers and Directors - Compensation Discussion and Analysis" above.

7. Other Board Committees

The Board of Directors does not have any standing committees other than the Audit Committee, Corporate Governance and Nominating Committee, and Disclosure Committee.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee ("CGNC") is expected to meet not less than twice a year and at such other times as required. The CGNC is responsible for determining, within the agreed terms of reference, the Corporation's policy on the remuneration packages of the Corporation's chief executive officer, chairman, executive and non-executive directors, the Corporation's secretary and other senior executives. The CGNC also has responsibility for:

- (i) recommending to the Board a compensation policy for directors and executives and monitoring its implementation; and
- (ii) approving and recommending to the Board, the total individual remuneration package of the chairman, each executive and non-executive director, the chief executive officer and all other senior executives (including bonuses, incentive payments and share options or other share awards). No individual may be involved in any discussions as to his or her own remuneration.

The CGNC also has the responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and giving full consideration to succession planning.

The CGNC also has the responsibility for recommending new appointments to the Board and to the other Board committees. It is responsible for identifying suitable candidates for board membership and for monitoring the performance and suitability of the current Board on an on-going basis.

8. Assessments

The Board of Directors, as a whole, is responsible for assessing the effectiveness of the Board of Directors, its committees and individual directors and the competence and qualifications that each director is required to bring to the Board of Directors. Although no formal process has been put in place for such assessment, the Board conducts informal assessments on an as-needed basis. In this regard, the Board of Directors from time-to-time examines and comments on its effectiveness and that of its committees, and makes adjustments when warranted.

ADDITIONAL INFORMATION

Financial information about the Corporation is contained in its comparative financial statements and Management's Discussion and Analysis for the fiscal year ended September 30, 2017, and additional information about the Corporation is available on SEDAR at www.sedar.com.

If you would like to obtain, at no cost to you, a copy of any of the following documents:

- (a) the comparative financial statements of the Corporation for the fiscal year ended September 30, 2017 together with the accompanying report of the auditor thereon and any interim financial statements of the Corporation for periods subsequent to September 30, 2017 and Management's Discussion and Analysis with respect thereto; and
- (b) this Circular,

please send your request to:

LGC Capital Ltd.
Stock Exchange Tower
800 Victoria Square, Suite 3700
Montreal, Québec H4Z 1E9

Telephone: (416) 803-0698
E-mail: info@lgc-capital.com

AUTHORIZATION

The contents and the mailing of this Circular have been approved by the Board of Directors of the Corporation.

(signed) John A. D. McMullen

President and Chief Executive Officer

DATED the 28th day of February, 2018

SCHEDULE A

SHAREHOLDERS' RESOLUTION

AMENDMENTS TO THE 2016 STOCK OPTION PLAN

IT IS RESOLVED:

THAT the amendments to the 2016 Stock Option Plan (the “**Plan**”) of the Corporation adopted by the Board of Directors of the Corporation on December 8, 2017 and February 20, 2018, increasing to 71,230,957 from 46,809,065 the number of shares which may be issued under the Plan, representing 20% of the number of issued and outstanding shares of the Corporation on February 20, 2018, all as described in the management information circular of the Corporation dated February 28, 2018, be and they are hereby ratified, confirmed and approved; and

THAT the directors and officers of the Corporation be and they are hereby authorized, on behalf of the Corporation, to sign any document and take any measure that may prove necessary to give full effect to this resolution.

SCHEDULE B

SHAREHOLDERS' RESOLUTION

STOCK OPTION GRANTS

IT IS RESOLVED:

THAT the grant on December 8, 2017 by the Board of Directors of the Corporation of stock options in respect of an aggregate of 9,750,000 common shares to six directors and officers of the Corporation at an exercise price of \$0.36 per share, representing the closing price of the Corporation’s common shares on the TSX Venture Exchange on December 7, 2017, the whole pursuant to the 2016 Stock Option Plan of the Corporation, as amended, all as described in the management information circular of the Corporation dated February 28, 2018, be and it is hereby ratified, confirmed and approved; and

THAT the directors and officers of the Corporation be and they are hereby authorized, on behalf of the Corporation, to sign any document and take any measure that may prove necessary to give full effect to this resolution.

SCHEDULE C

SHAREHOLDERS' RESOLUTION

LOANS TO DIRECTORS AND OFFICERS

IT IS RESOLVED:

THAT the loans by the Corporation to three of its directors and officers made in February 2018, to fund the exercise of stock options of the Corporation held by such directors and officers and to fund the payment of Canadian federal and Québec provincial taxes resulting from such exercise, all as described in the management information circular of the Corporation dated February 28, 2018, be and they are hereby ratified, confirmed and approved; and

THAT the directors and officers of the Corporation be and they are hereby authorized, on behalf of the Corporation, to sign any document and take any measure that may prove necessary to give full effect to this resolution.

SCHEDULE D

SHAREHOLDERS' RESOLUTION

ISSUANCE OF SHARES IN SETTLEMENT OF DEBT

IT IS RESOLVED:

THAT the issuance by the Corporation of 1,230,468 common shares to a former insider of the Corporation and a company associated with him at a deemed price of \$0.10125 per share in settlement of debt in an aggregate amount of \$124,585, all as described in the management information circular of the Corporation dated February 28, 2018, be and it is hereby ratified, confirmed and approved; and

THAT the directors and officers of the Corporation be and they are hereby authorized, on behalf of the Corporation, to sign any document and take any measure that may prove necessary to give full effect to this resolution.

SCHEDULE E

CHARTER OF THE AUDIT COMMITTEE

1. General

The Board of Directors of LGC Capital Ltd. (the “**Corporation**”) has delegated the responsibilities, authorities and duties described below to the Audit Committee of the Board of Directors (the “**Audit Committee**”).

The Audit Committee will provide independent review and oversight of the Corporation’s financial reporting process, the system of internal control and management of financial risks, and the audit process, including the oversight of the Corporation’s external auditor. In so doing, the Audit Committee will comply with all applicable Canadian securities laws, rules and guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules.

2. Members

The Audit Committee shall be composed of a minimum of three members. Members of the Audit Committee shall be appointed by the Board of Directors. In this regard, the Board of Directors, at its first meeting held after an annual meeting of shareholders, shall appoint the members of the Audit Committee to hold office until the next annual meeting of shareholders. The Board of Directors may at any time appoint additional members of the Audit Committee, remove or replace any member of the Audit Committee, or fill any vacancy on the Audit Committee. Any member of the Audit Committee ceasing to be a director shall cease to be a member of the Audit Committee. The Board of Directors shall fill a vacancy if the membership of the Audit Committee is less than three directors as a result of such vacancy. The Chair of the Audit Committee may be designated by the Board of Directors or, if it does not do so, the members of the Audit Committee may elect a Chair by vote of a majority of the full Audit Committee membership.

A majority of the members of the Audit Committee shall be “independent” within the meaning of National Instrument 52-110 *Audit Committees*.

3. Meetings

The Audit Committee shall meet at least quarterly at such times and locations as the Chair of the Audit Committee shall determine, provided that meetings shall be scheduled so as to permit the timely review of the Corporation’s quarterly and annual financial statements and the related management’s discussion and analysis. The external auditor or any two members of the Audit Committee may also request a meeting of the Audit Committee. The Chair of the Audit Committee shall hold in camera sessions of the Audit Committee, without management present, at every meeting. The Audit Committee may invite such other persons to its meetings as it deems appropriate in order to carry out its duties.

The Audit Committee shall submit the minutes of all meetings to the Board of Directors, and when so requested, shall review the matters discussed at an Audit Committee meeting with the Board of Directors.

A quorum for any meeting shall be two members of the Audit Committee.

The Audit Committee shall have the authority to require the attendance of the Corporation’s officers at meetings of the Audit Committee, as it deems appropriate or necessary.

4. Committee Charter

The Audit Committee shall review and reassess the adequacy of this charter at least annually or otherwise, as it deems appropriate, and propose recommended changes to the Board of Directors, if necessary.

5. Duties of the Audit Committee

The Audit Committee shall have the following duties:

(a) *Oversight of Financial Information and Reporting*

- (i) The Audit Committee shall review, with management and the external auditor, and recommend to the Board of Directors for approval, the annual financial statements of the Corporation and related financial reporting, including management's discussion and analysis and earnings press releases.
- (ii) The Audit Committee shall review, with management and the external auditor, if deemed necessary, and recommend to the Board of Directors for approval, the interim financial statements of the Corporation and related financial reporting, including management's discussion and analysis and earnings press releases.
- (iii) The Audit Committee shall review, with management and the external auditor, and recommend to the Board of Directors for approval, any financial statements of the Corporation which have not previously been approved by the Board of Directors and which are to be included in a prospectus or other public disclosure document of the Corporation.
- (iv) The Audit Committee shall consider and be satisfied that adequate policies and procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements (other than disclosure referred to above), and periodically assess the adequacy of such procedures.

(b) *Relationship with External Auditor*

The Audit Committee shall recommend to the Board of Directors the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or test services for the Corporation and shall recommend to the Board of Directors the compensation of the external auditor. The external auditor is required to be an auditor registered with the Canadian Public Accountability Board that is in compliance with any restrictions or sanctions imposed by such Board.

The Audit Committee shall be directly responsible for overseeing the work of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting.

(c) *Pre-Approval of Non-Audit Services*

The Audit Committee shall pre-approve all non-audit services to be provided to the Corporation (or any subsidiary entities) by the Corporation's external auditor.

(d) *Complaints Procedure*

The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

(e) *Hiring Policies*

The Audit Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

(f) *Reporting*

The Audit Committee shall report regularly to the Board of Directors regarding any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance and independence of the external auditor, or the internal audit function.

6. Authority to Engage Independent Counsel and Advisors

The Audit Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties, to set and pay the compensation for any advisors employed by the Audit Committee, and to communicate directly with the internal and external auditors.

The Corporation shall provide appropriate funding, as determined by the Audit Committee, in its capacity as a committee of the Board of Directors, for: (a) payment of compensation to the external auditor employed by the issuer for the purpose of rendering or issuing an audit report; (b) payment of compensation to any advisors employed by the Audit Committee; and (c) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

The Audit Committee shall have the authority, within the scope of its responsibilities, to seek any information it requires from any employee of the Corporation and from external parties.