



## **INFORMATION CIRCULAR**

(As at July 8, 2016 (the “**Record Date**”) and in Canadian dollars except where indicated.)

### **PERSONS MAKING THIS SOLICITATION OF PROXIES**

This Information Circular (“**Circular**”) is furnished in connection with the solicitation of proxies (“**Proxies**”) and voting instruction forms (“**VIFs**”) by the management of Legend Power Systems Inc. (the “**Company**”) for use at the Annual General Meeting of the holders (“**Shareholders**”) of common shares (“**Shares**”) of the Company (the “**Meeting**”) to be held at the time and place and for the purposes set forth in the Notice of Meeting and at any adjournment thereof. It is expected the solicitation will be primarily by mail. Proxies and VIFs may also be solicited personally by employees of the Company. The cost of solicitation will be borne by the Company.

Notice of the Meeting has been given in accordance with National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian securities administrators (“**NI 54-101**”). Pursuant to NI 54-101, the Notice of Meeting and Proxy or VIF, but not this Circular, have been sent by the Company to its registered Shareholders and by Broadridge Investor Services Inc. (“**Broadridge**”) to those unregistered (beneficial) Shareholders that have consented to allow their addresses to be provided to the Company (“**NOBOs**”). The Company intends to pay Broadridge, on behalf of intermediaries such as stockbrokers, securities dealers, banks, trust companies, trustees and their agents and nominees (“**Intermediaries**”), to forward the Notice of Meeting, this Circular and a VIF to NOBOs, but does not intend to pay Intermediaries to forward such proxy material to those beneficial Shareholders that have refused to release their address (“**OBOs**”). Accordingly, OBOs will not receive such documents unless their respective Intermediaries assume the cost of forwarding them to the OBOs.

Instead of mailing this Circular to Shareholders, the Company has posted the Circular on its website pursuant to the “Notice and Access” procedures of NI 54-101. Shareholders may request a paper copy of this Circular be sent to them by contacting the Company as set out under “Additional Information” at the end of this Circular.

None of the directors of the Company have informed the Company’s management in writing that they intend to oppose the approval of any of the matters set out in the Notice of Meeting.

### **COMPLETION AND VOTING OF PROXIES AND VIFS**

#### **Voting**

Voting at the Meeting will be by a show of hands, each registered Shareholder and each person representing a registered or unregistered Shareholder through a Proxy or VIF (a “**Proxyholder**”) having one vote, unless a poll is required (if the number of Shares represented by Proxies and VIFs that are to be voted against a motion are greater than 5% of the votes that could be cast at the Meeting) or requested, whereupon each such Shareholder and Proxyholder is entitled to one vote for each Share held or represented, respectively.

To approve a motion proposed at the Meeting, a majority of greater than 50% of the votes cast will be required (an “ordinary resolution”) unless the motion requires a “special resolution” in which case a majority of 66-2/3% of the votes cast will be required.

### **Appointment of Proxyholders**

The persons named in the Proxy or VIF as Proxyholders are directors or officers of the Company. **A Shareholder has the right to appoint a person (who need not be a Shareholder and, for a VIF, can be the appointing Shareholder) other than the persons named in the Proxy or VIF as Proxyholders to attend and vote on the Shareholder’s behalf at the Meeting. To exercise this right, the Shareholder must strike out the names of the persons named in the Proxy or VIF as Proxyholders and insert the name of the Shareholder’s nominee in the space provided or, if the Shareholder is a registered Shareholder, complete another Proxy.**

A Shareholder may indicate the manner in which the Proxyholders are to vote on behalf of the Shareholder, if a poll is held, by marking an “X” in the appropriate space of the Proxy or VIF. **If both spaces are left blank, the Proxy or VIF will be voted as recommended by management for any matter requiring a “For” or “Against” vote, and in favour of the matter for any matter requiring a “For” or “Withhold” vote.**

The Proxy or VIF must be dated and signed by the Shareholder or the Shareholder’s attorney authorized in writing. In the case of a corporation, the Proxy or VIF must be dated and executed under its corporate seal or signed by a duly authorized officer of, or attorney for, the corporation.

**The Proxy or VIF, when properly signed, confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting.** The Company’s management is not aware that any amendments or variations are to be presented at the Meeting. If any amendments or variations to such matters should properly come before the Meeting, the Proxies and VIFs hereby solicited will be voted as recommended by management.

**Shareholders must return their completed Proxies and VIFs, together with the power of attorney or other authority, if any, under which it was signed or a notarially certified copy thereof, in accordance with the instructions set out on the Proxy.** Proxies (but not VIFs, unless the VIF has Computershare’s name and address on the top right corner of the first page) may also be returned to the Company’s transfer agent, Computershare Investor Services (Attn: Proxy Department), by fax within North America at 1-866-249-7775, outside North America at (+1) 416-263-9524, by mail to 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 (toll free information line: 1-800-564-6253) or by hand delivery to 2<sup>nd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9. **Proxies received after the time set out in the Proxy or VIF for delivery thereof may be accepted or rejected by the Chairman of the Meeting in the Chairman’s discretion.**

### **Registered Shareholders**

Only persons registered as Shareholders in the Company’s Central Security Register maintained by its registrar and transfer agent or duly appointed Proxyholders will be recognized to make motions at the Meeting.

### **Unregistered Shareholders**

Shareholders holding their Shares through Intermediaries will not be recognized nor may they make motions or vote at the Meeting except as described below.

If Shares are listed in an account statement provided to a Shareholder by an Intermediary, those Shares are probably not registered in the Shareholder's name. Such Shares will probably be registered in the name of the Intermediary or its nominee and can only be voted through a duly completed Proxy given by the Intermediary. Without specific instructions, Intermediaries are prohibited from voting Shares for their clients. **Therefore, each unregistered Shareholder should ensure that voting instructions are communicated to the appropriate party well in advance of the Meeting.**

NI 54-101 requires Intermediaries to seek voting instructions from OBOs in advance of Shareholder meetings. Intermediaries may have their own mailing procedures and provide their own form of VIF to clients, which should be carefully followed by unregistered Shareholders to ensure their Shares are voted at the Meeting. The VIF supplied to OBOs by Intermediaries is substantially similar to the Proxy provided by the Company directly to the registered Shareholders, however, it is limited to instructing the Intermediary (as the registered Shareholder) how to vote on behalf of the OBO.

Most Intermediaries in Canada and the United States of America ("USA") delegate responsibility for obtaining instructions from OBOs to a third party corporation such as Broadridge (if the Shareholder is a NOBO, most Intermediaries allow the Company or its transfer agent to do so directly). This third party corporation sends a machine-readable VIF to OBOs and asks the OBOs to return the VIFs to them or provide instructions to them through the Internet or by telephone. The third party corporation (or the Company or its agent, if it has sent the VIF to the NOBO directly) then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting.

Although an unregistered Shareholder may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of an Intermediary, the unregistered Shareholder may attend the Meeting as Proxyholder for the Intermediary and indirectly vote the Shares in that capacity. **Unregistered Shareholders wishing to attend the Meeting and indirectly vote their Shares as their own Proxyholder, must enter their own names in the blank space on the VIF provided to them and return the VIF in accordance with the instructions provided on it. If an unregistered Shareholder receives a VIF and does not wish to attend the Meeting as a Proxyholder, the VIF must be returned, or instructions respecting the voting of Shares must be communicated, to the third party corporation (or the Company or its transfer agent) in advance of the Meeting to have the Shares voted in accordance with the instructions on that VIF.**

Shareholders with questions respecting the voting of Shares held through an Intermediary should contact that Intermediary for assistance.

### **United States Shareholders**

This solicitation of Proxies and VIFs involve securities of a corporation located in Canada and is being effected in accordance with the corporate and securities laws of the province of British Columbia, Canada. The proxy solicitation rules under the United States Securities Exchange Act of 1934, as amended, are not applicable to the Company or this solicitation. Shareholders should be aware that disclosure and proxy solicitation requirements under the securities laws of British Columbia, Canada differ from the disclosure and proxy solicitation requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the *Business Corporations Act* (British Columbia), some of its directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign corporation or its officers or directors in a foreign court for

violations of United States federal securities laws. It may be difficult to compel a foreign corporation and its officers and directors to subject themselves to a judgment by a United States court.

### **REVOCAION OF PROXIES AND VIFS**

Shareholders have the power to revoke Proxies and VIFs previously given by them. Revocation of Proxies can be effected by an instrument in writing (which includes a Proxy bearing a later date) signed by a Shareholder or the Shareholder's attorney authorized in writing and, for a corporation, executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation. Such instrument must be delivered to Computershare as set out under "Completion and Voting of Proxies and VIFs – Appointment of Proxyholders" above, to the Company as set out under "Additional Information" below or to the Company's registered office (Northwest Law Group (Attn: Michael F. Provenzano) at Suite 704, 595 Howe Street, Box 35, Vancouver, BC V6C 2T5, Canada or by fax to (+1) 604-687-6650) any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or deposited with the Chairman of the Meeting prior to the commencement of the Meeting. VIFs may only be revoked in accordance with their specific instructions.

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

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors except for the directors and executive officers of the Company and the nominees for election as directors, inasmuch as in the following year they may be granted options to purchase Shares pursuant to the Company's share option plan (the "**Option Plan**"), ratification or approval of which will be sought at the Meeting pursuant to the policies the TSX Venture Exchange (the "**TSX-V**").

### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The Shares are the only class of shares of the Company entitled to be voted at the Meeting. All issued Shares are entitled to be voted at the Meeting and each has one non-cumulative vote. Only Shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a Proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Shares voted at the Meeting. There were 68,307,250 Shares issued and outstanding as of the Record Date.

No group of Shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Shares.

To the knowledge of the directors and executive officers of the Company, no one beneficially owns, directly or indirectly, or exercises control or direction over Shares which, as of the Record Date, represent more than 10% of the voting rights attached to all outstanding Shares.

## ELECTION OF DIRECTORS

### Board Size

The board of directors (the “**Board**”) of the Company presently consists of six directors. It is proposed that the number of directors for the ensuing year be set at the same number. This requires the approval of the Shareholders by an ordinary resolution, which approval will be sought at the Meeting.

If there are more nominees for election as directors than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled.

### Director Term Limits

The Company’s management proposes to nominate the persons named in the following table for election to the Board. Each director elected will hold office until the next Annual General Meeting or until the director’s successor is duly elected or appointed, unless the director’s office is earlier vacated in accordance with the Company’s Articles or the director becomes disqualified to act as a director.

### Information about Nominees for Election as Directors

The following information concerning the proposed nominees has been furnished by each of them.

Name, Province or State and Country of Residence and Present Position in Company	Present Principal Occupation <sup>(1)</sup>	Director Since	Number of Shares <sup>(2)</sup>
<b>ATKINSON, Michael J.</b> <sup>(3)(4)</sup> British Columbia, Canada Chairman of the Board of Directors	President and CEO of Earlston Investments Corp. (private merchant bank )	November 2, 2010	3, 966,611
<b>BLUNDELL, James P.</b> <sup>(3)(4)</sup> Ontario, Canada Director	Vice President & Chief Customer Officer of Yellow Media Limited (publicly traded (TSX) media company)	January 15, 2014	200,000
<b>BUCHAMER, Randy G.</b> <sup>(5)</sup> British Columbia, Canada President, CEO and Director	President and CEO of the Company	November 4, 2010	1,152,192
<b>GUEBERT, David D.</b> <sup>(3)</sup> Alberta, Canada Director	Chartered professional accountant and certified public accountant; Chief Financial Officer of Marret Resource Corp. (publicly traded (TSX) investment company) since August 2008; formerly Chief Financial Officer of Times Three Wireless Inc. (formerly publicly traded (TSX-V) technology innovation and licensing company) from May 2004 to June 2015 and Sereno Capital Corporation (publicly traded (TSX-V) residential investment company) from March 2011 to December 2013	February 10, 2016	335,500

Name, Province or State and Country of Residence and Present Position in Company	Present Principal Occupation <sup>(1)</sup>	Director Since	Number of Shares <sup>(2)</sup>
<b>HARCOURT, Michael F.</b> <sup>(4)(5)</sup> British Columbia, Canada Director	President, Harcourt Enterprises Inc. (private consulting company)	September 17, 2001	142,222
<b>WALKER, Matthew B.</b> <sup>(3)(5)</sup> British Columbia, Canada Director	Principal of Avison Young (Canada) Inc. (commercial real estate brokerage)	January 15, 2014	120,000

- (1) Includes occupations for preceding five years unless the director was elected at the previous Annual General Meeting and was shown as a nominee for election as a director in the Circular for that meeting.
- (2) The approximate number of Shares carrying the right to vote in all circumstances beneficially owned, directly or indirectly, or over which control or direction is exercised by each proposed nominee as of the Record Date. No director, together with the director's associates and affiliates beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the Shares.
- (3) Member of the Audit Committee.
- (4) Member of the Compensation Committee.
- (5) Member of the Corporate Governance Committee.

### Cease Trade Orders and Bankruptcies

To the best of management's knowledge, and except as provided below, no proposed director of the Company is, as of the date of this Circular, or has been, within the 10 years prior to the date hereof, a director, chief executive officer or chief financial officer of any corporation (including the Company) that was subject to a "cease trading" or similar order (including a voluntary or involuntary Cease Trading Order applying to some or all of the management of a corporation) or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued: (i) while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) after the proposed director ceased to be a director, chief executive officer or chief financial officer but which resulted from an event that occurred while acting as a director, chief executive officer or chief financial officer.

To the best of management's knowledge, and expect as provided below, no proposed director of the Company is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any corporation (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

David D. Guebert was the Chief Financial Officer and Vice-President Finance of Times Three Wireless Inc. ("**Times Three**") from May 2004 to June 2015. On May 6, 2014, the Alberta Securities Commission issued a cease trade order against Times Three for failing to file required annual financial statements and related management's discussion and analysis and officer certifications. Similar orders were issued by the British Columbia Securities Commission on May 8, 2014, the Manitoba Securities Commission on May 14, 2014, the Ontario Securities Commission on May 26, 2014 and the Quebec Autorité des Marchés Financiers on May 26, 2014. None of the orders have been rescinded. On June 23, 2015, the Court of Queen's Bench of Alberta issued a bankruptcy order adjudging Times Three to be bankrupt.

## **Penalties and Sanctions**

No proposed director of the Company has (i) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, (ii) entered into a settlement agreement with a securities regulatory authority, or (iii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## **Individual Bankruptcies**

No proposed director of the Company has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

## **APPOINTMENT OF AN AUDITOR**

D+H Group LLP, Chartered Professional Accountants, 10<sup>th</sup> Floor, 1333 West Broadway, Vancouver, British Columbia, will be nominated at the Meeting for reappointment as auditor of the Company at remuneration to be approved by the Audit Committee.

If there are more nominees for appointment of the Company's auditor than there are vacancies to fill, the nominee receiving the greatest number of votes will be appointed.

## **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

National Instrument 52-110 *Audit Committees* of the Canadian securities administrators ("NI 52-110") requires the Company, as a venture issuer, to disclose annually in its Circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor. Such disclosure is set forth below.

### **Overview**

The purpose of the Audit Committee is to provide assistance to the Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting and financial reporting processes and audits of financial statements, the integrity of financial statements, compliance with legal and regulatory requirements, the qualification and independence of external auditor and the performance of the external independent auditor. It is the objective of the Audit Committee to maintain a free and open means of communication among the members of the Board, the auditor and the financial and senior management of the Company.

To satisfy such purposes and objectives, the Audit Committee is responsible for:

- recommending to the Board an external auditor to be nominated for election by the Shareholders at each Annual General Meeting and approving the compensation of such external auditor;

- overseeing the work of the external auditor, including the resolution of disagreements between the auditor and management regarding the Company’s financial reporting;
- pre-approving all non-audit services to be provided to the Company and its subsidiaries by the auditor;
- reviewing the Company’s annual and interim financial statements, Management’s Discussion and Analysis and press releases regarding earnings before they are submitted for review and approval by the Board and publicly disseminated by the Company; and
- reviewing and approving the Company’s hiring policies regarding current and former partners and employees of the Company’s current and former auditors.

The Company’s auditor reports directly to the Audit Committee.

### **The Audit Committee’s Charter**

The Board has adopted a Charter for the Audit Committee which sets out the Committee’s mandate, organization, powers and responsibilities. The Charter is attached as a schedule to this Circular.

### **Composition of the Audit Committee**

The Audit Committee consists of four directors. Unless it was a “Venture Issuer” (an issuer the securities of which are not listed or quoted on any of the Toronto Stock Exchange (the “TSX”), a market in the USA other than the over-the-counter market, or a market outside of Canada and the USA) as of the end of its last financial year, NI 52-110 requires each of the members of the Committee to be independent and financially literate. Since the Company was a “Venture Issuer” (its securities were listed on the TSX-V, but not listed or quoted on any other exchange or market, other than possibly the over-the-counter market in the USA, or a market outside of Canada and the USA, and it remains Venture Issuer) as of the end of its last financial year, it is exempt from this requirement. In addition, the Company’s governing corporate legislation requires the Company to have an Audit Committee composed of a minimum of three directors, a majority of whom are not officers or employees of the Company. The Audit Committee complies with all of these requirements.

The following table sets out the names of the members of the Audit Committee and whether they are officers or employees, “independent” or “financially literate”.

<b>Name of Member</b>	<b>Officer or Employee <sup>(1)</sup></b>	<b>Independent <sup>(2)</sup></b>	<b>Financially Literate <sup>(3)</sup></b>
ATKINSON, Michael J.	Yes; Officer	Yes	Yes
GUEBERT, Dave D. (Committee Chairman)	No	Yes	Yes
BLUNDELL, James P.	No	Yes	Yes
WALKER, Matthew B.	No	Yes	Yes

(1) Under the Business Corporations Act (British Columbia), the Audit Committee must have a majority of members who are not officers or employees of the Company or an affiliate of the Company.

(2) To be considered to be independent, a member of the Committee must not have any direct or indirect “material relationship” with the Company. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgement, including being or having been in the last three years an employee or full-time executive officer of the Company. Under NI 52-110, a part-time executive officer, such as the Chairman of the Board, is deemed to be independent.

- (3) To be considered financially literate, a member of the Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

### Relevant Education and Experience

Each member of the Audit Committee has:

- (a) an understanding of the accounting principles used by the issuer to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer's financial statements, or experience actively supervising individuals engaged in such activities; and
- (c) an understanding of internal controls and procedures for financial reporting.

Such education and experience is set out in the table below:

Name of Member	Education	Experience
ATKINSON, Michael J. (Committee Chairman)	B.A. (Administrative & Commercial Studies) (1995; University of Western Ontario)	Current and former director and officer of, and investor in, various publicly traded companies during the course of which he has reviewed and analysed numerous financial statements.
GUEBERT, David D.	CPA-CA (Alberta) CPA (Pennsylvania) B.Comm. (1979; University of Saskatchewan)	Current and former director and chief financial officer of, and investor in, various private and publicly traded companies during the course of which he has prepared, reviewed and analysed numerous financial statements.
BLUNDELL, James P.	M.B.A. (2000; Queen's University) B.A. (Economics) (1991; University of Western Ontario)	Former officer of a publicly traded income fund and senior officer of two automotive companies during the course of which he has reviewed and analysed numerous financial statements.
WALKER, Matthew B.	Various commercial real estate licensing courses	Licensed commercial realtor since March 1995

### Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, the Audit Committee has not made any recommendations to the Board to nominate or compensate any external auditor, which were not adopted by the Board.

## Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

1. the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 (which exempts all non-audit services provided by the Company's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Company, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit); or
2. an exemption from the requirements of NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110, Pre-Approval Policies and Procedures

## Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

## External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by the Company's auditor to ensure auditor independence. Fees incurred with the auditor for audit and non-audit services in the last two financial years for audit fees are outlined in the following table.

Nature of Services	Fees Paid to Auditor for Year Ended	
	September 30, 2014	September 30, 2015
Audit Fees <sup>(1)</sup>	\$31,000	\$35,700
Audit-Related Fees <sup>(2)</sup>	Nil	Nil
Tax Fees <sup>(3)</sup>	\$6,095	\$6,329
All Other Fees <sup>(4)</sup>	Nil	Nil
<b>Total</b>	<b>\$37,095</b>	<b>\$42,029</b>

(1) "Audit Fees" include fees necessary to perform the annual audit of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) "All Other Fees" include all other non-audit services.

## **Reliance on Exemptions in NI 52-110 regarding Audit Committee Composition and Reporting Obligations**

Since the Company was a Venture Issuer at the end of its last financial year, it relies on the exemption contained in section 6.1 of NI 52-110 from the requirements of Part 3 *Composition of the Audit Committee* (as described in “Composition of the Audit Committee” above) and Part 5 *Reporting Obligations* of NI 52-110 (which requires certain prescribed disclosure about the Audit Committee in the Company’s Annual Information Form, if any).

## **Complaints**

The Audit Committee has established a written “Whistleblower Policy” which creates procedures for the confidential and anonymous submission by employees of complaints and concerns regarding the Company’s accounting, auditing and financial reporting procedures and obligations, without fear of retaliation of any kind.

The Policy provides that if an employee has any information, complaints or concerns regarding such matters being questionable, incorrect, misleading or fraudulent they are urged under the Policy to present such information, complaints or concerns to the Audit Committee, without regard to the position of the persons responsible for the subject matter of the information, complaint or concern. Promptly following the receipt of any information, complaints and concerns submitted to it, the Audit Committee will investigate each matter and take appropriate corrective actions.

The Audit Committee will retain as part of its records, any information, complaints or concerns received. Furthermore, it will keep a written record of all such reports or inquiries and make quarterly reports on any ongoing investigation which will include steps taken to satisfactorily address each complaint.

## **CORPORATE GOVERNANCE**

National Instrument 58-101 Disclosure of Corporate Governance Practices of the Canadian securities administrators requires the Company to annually disclose certain information regarding its corporate governance practices. That information is disclosed below.

### **General**

Corporate governance refers to the policies and structure of the board of directors of a corporation, whose members are elected by and are accountable to the Shareholders. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors adheres to principles of good management. The Board is committed to sound corporate governance practices, as such practices are both in the interests of Shareholders and help to contribute to effective and efficient decision-making.

## Mandate of the Board of Directors

The Board has responsibility for the stewardship of the Company. That stewardship includes responsibility for strategic planning, identification of the principal risks of the Company's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Company's internal control and management information systems.

## Board of Directors

A director is "independent" if the director is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company, other than interests and relationships arising from shareholding.

The following table describes whether the current and proposed directors are independent and, if not independent, sets out the reasons:

Director or Nominee	Independent	Reason why the Director is not Independent
ATKINSON, Michael J.	Yes	–
BLUNDELL, James P.	Yes	–
BUCHAMER, Randy G.	No	Is the President and CEO of the Company
GUEBERT, David D.	Yes	–
HARCOURT, Michael F.	Yes	–
WALKER, Matthew B.	Yes	–

The Board facilitates its independent supervision over management by holding periodic board meetings to discuss the operation of the Company. The meetings are held both with and without members of the Company's management in attendance other than the CEO, who remains present for such meetings.

The Board does not hold regularly scheduled meetings without the non-independent directors and members of management. However, when consideration of a matter concerns or affects a director, that director does not vote on the matter. The Board has not found that the presence of the non-independent meetings prevents it from carrying out an open and candid discussion.

## Other Directorships

The current and proposed directors are also directors of the following other reporting issuers (publicly traded corporations):

Name of Director	Name of Reporting Issuer and Exchange
ATKINSON, Michael J.	Knol Resources Corp. – TSX-V Watusi Capital Corp. – TSX-V
BLUNDELL, James P.	-
BUCHAMER, Randy G.	-

Name of Director	Name of Reporting Issuer and Exchange
GUEBERT, David D.	Merus Labs International Inc. – TSX and NASDAQ
HARCOURT, Michael F.	True Leaf Medicine International Ltd. – CSE
WALKER, Matthew B.	-

### **Orientation and Continuing Education**

While the Company does not have formal orientation and training programs, new Board members are provided with:

1. information respecting the function of the Board and committees and a copy of the Company's corporate governance policies;
2. access to recent, publicly filed documents of the Company, technical reports and the Company's internal financial information;
3. access to management; and
4. a summary of significant corporate and securities responsibilities.

Board members are encouraged to communicate with management, auditor and technical consultants, to keep themselves current with industry trends and developments and changes in legislation with management's assistance, and to attend related industry seminars and visit the Company's operations. Board members have full access to the Company's records.

### **Ethical Business Conduct**

The Board views good corporate governance as an integral component to the success of the Company and to meeting responsibilities to Shareholders. For example, if a director has a material interest in a transaction or agreement, the Board requires that director to abstain from voting in respect of that transaction or agreement. In addition, the Board must comply with the conflict of interest provisions of its governing corporate legislation and relevant securities regulatory instruments and stock exchange policies (which require that interested directors recuse themselves from the consideration of, and voting on, such matters), to ensure its directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

### **Nomination and Assessment of Directors**

The Board considers its size each year when it considers the number of directors to be elected to the Board at the annual Shareholders meeting, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole.

The Board conducts informal annual assessments of the Board's effectiveness, the individual directors and each of its committees. To assist in its review, the Board conducts informal surveys of its directors, receives an annual report from the Compensation Committee on its assessment of the functioning of the Board and reports from each committee respecting its own effectiveness. As part of the assessments, the

Board or the individual committee may review its respective mandate or charter and conduct reviews of applicable corporate policies.

### **Other Board Committees**

In addition to the Audit Committee, the Board has a Compensation Committee and a Corporate Governance Committee.

*Compensation Committee:* The Compensation Committee assesses the amount and type of work performed and the results achieved by each director and officer of the Company. It then reviews compensation for the directors and the officers. Other responsibilities include reviewing and recommending director compensation, overseeing the Company's base compensation structure and equity-based compensation program, recommending compensation of the Company's officers and employees, and evaluating the performance of officers generally and in light of annual goals and objectives, is performed by the Board as a whole.

The Compensation Committee consists of three directors, all of whom are independent (outside, non-management) directors – Michael F. Harcourt, James P. Blundell (Committee Chairman) and Michael J. Atkinson.

*Corporate Governance Committee:* The Corporate Governance Committee is responsible for developing, implementing and assessing the Company's approach to corporate governance issues. In that regard, it takes steps to facilitate independent decision-making by the Board and to ensure that the Company conducts its business in accordance with high ethical standards. The Corporate Governance Committee also evaluates the Company's committee structure and reporting processes.

The Corporate Governance Committee consists of three directors, two of whom are independent (outside, non-management) directors – Michael F. Harcourt (Committee Chairman) and Matthew B. Walker and one of whom is not an independent director – Randy G. Buchamer.

### **Assessments**

The Board monitors the adequacy of information given to directors, communication between the Board and management, and the strategic direction and processes of the Board and committees. The Board has not established any formal procedures to regularly assess the Board, its committees or the individual directors with respect to their effectiveness and contributions.

## **STATEMENT OF EXECUTIVE COMPENSATION**

Unless otherwise noted the following information is for the Company's last financial year (which ended September 30, 2015) and, since the Company had one or more subsidiaries during that year, is disclosed on a consolidated basis.

### **Named Executive Officer**

In this section “**Named Executive Officer**” or “**NEO**” means each Chief Executive Officer (“**CEO**”) and Chief Financial Officer (“**CFO**”) during the last financial year and each of the three most highly compensated executive officers, if any, other than the CEO and CFO, of the Company and any subsidiary during the last financial year whose total compensation exceeded \$150,000.

## **Compensation Discussion and Analysis**

In addition to the Compensation Committee, the Board also assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Company's senior management. The Board reviews the compensation of senior management on a semi-annual basis taking into account compensation paid by other issuers of similar size and activity.

### *Philosophy and Objectives*

The Company is a public corporation the shares of which are traded on the TSX-V. It is a leading electrical energy conservation corporation that manufactures and markets a patented device to help commercial and industrial customers achieve significant energy savings through Conservation Voltage Reduction.

The compensation program for the senior management of the Company is designed within this context with a view that the level and form of compensation achieves certain objectives, including:

- (a) attracting and retaining qualified executives;
- (b) motivating the short and long-term performance of these executives; and
- (c) better aligning their interests with those of the Shareholders.

In compensating its senior management, the Company has employed a combination of base salary and equity participation through the Option Plan. Recommendations for senior management compensation are presented by the Compensation Committee to the Board for review.

### *Base Salary*

In the Board's view, paying base salaries which are reasonable in relation to the level of service expected while remaining competitive in the markets in which the Company operates is a first step to attracting and retaining qualified and effective executives.

### *Bonus Incentive Compensation*

The Company's objective is to achieve certain strategic objectives and milestones. The Board will consider executive bonus compensation dependent upon the Company meeting those strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses. The Board approves executive bonus compensation dependent upon compensation levels based on recommendations of the CEO. Such recommendations are generally based on information provided by issuers that are similar in size and scope to the Company's operations.

### *Equity Participation*

The Company believes that encouraging its executives and employees to become Shareholders is the best way of aligning their interests with those of its Shareholders. Equity participation is accomplished through the Option Plan. Options are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. The amounts and terms of options granted are determined by the Board based on recommendations put forward by the CEO. Due to the Company's limited financial resources, the Company emphasises the provisions of option grants to maintain executive motivation. See "*Statement of*

*Executive Compensation – Option-based and Share-based Awards” and “Securities Authorized for Issuance Under Equity Compensation Plans” for information regarding the Option Plan.*

### Summary Compensation Table

The compensation paid to the NEOs during the Company’s three most recently completed financial years is as set out below:

Name and Principal Position	Year	Salary (\$)	Share-based awards <sup>(1)</sup> (\$)	Option-based awards <sup>(2)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Buchamer, Randy G. CEO	2015	\$200,000	Nil	\$500,395	Nil	Nil	Nil	\$9,600 <sup>(3)</sup>	\$709,995
	2014	\$162,500	Nil	\$29,236	Nil	Nil	Nil	\$9,600 <sup>(3)</sup>	\$201,336
	2013	\$131,250	\$27,500	\$25,291	Nil	Nil	Nil	\$9,600 <sup>(3)</sup>	\$193,641
Dhanani, Shabir CFO <sup>(5)</sup>	2015	\$102,000	Nil	Nil	Nil	Nil	Nil	\$9,600 <sup>(4)</sup>	\$111,600
	2014	\$84,150	Nil	\$4,177	Nil	Nil	Nil	\$9,600 <sup>(4)</sup>	\$97,927
	2013	\$78,413	\$8,075	\$6,706	Nil	Nil	Nil	\$9,600 <sup>(4)</sup>	\$102,794

- (1) Fair value\* of the share based award(s) on the date(s) of granting, is the product of the number of Shares issuable on the vesting date multiplied by the closing market price of the Shares on the vesting date.
- (2) Fair value\* of stock option(s) on the date(s) of granting, determined using the Black-Scholes-Merton Model described below and assuming the option(s) are fully vested and using the following variables:

Option Date	Market Price	Exercise Price	Term of Option	Volatility	Discount Rate	Value of Option
June 1, 2015	\$0.35	\$0.35	5 years	144%	0.57%	\$0.26
October 1, 2014	\$0.55	\$0.55	5 years	134%	1.13%	\$0.43
February 24, 2014	\$0.20	\$0.20	5 years	134%	1.68%	\$0.17
August 21, 2013	\$0.15	\$0.30	5 years	139%	1.17%	\$0.06
May 22, 2013	\$0.09	\$0.30	5 years	110%	1.02%	\$0.04

\* Until a stock option has been exercised and the stock sold, the NEO does not receive any cash proceeds from the option and, accordingly, the amount shown is only the deemed “value” of the option.

- (3) Pursuant to his employment contract, Mr. Buchamer received a monthly car allowance of \$800. See “Statement of Executive Compensation – Employment Agreements, Termination and Change of Control Benefits”.
- (4) Pursuant to his employment contract, Mr. Dhanani received a monthly car allowance of \$800. See “Statement of Executive Compensation – Employment Agreements, Termination and Change of Control Benefits”.
- (5) Subsequent to the financial year ended September 30, 2015, Steve Vanry was appointed CFO in place of Shabir Dhanani.
- (6) Amounts shown are for the entire financial year and include all remuneration paid during, or payable in respect of, the year, even if the NEO was not an NEO for the entire year.

The fair value of the options in the above tables is estimated using the Black-Scholes-Merton option pricing model. Option pricing models require the input of highly subjective assumptions, particularly as to the expected volatility of the stock. Changes in these assumptions can materially affect the fair value estimate and therefore it is management’s view that the existing models may not provide a single reliable measure of the fair value of the Company’s share option grants. The Company uses an option-pricing

model because there is no market for which options may be freely traded. Readers are cautioned not to assume that the value derived from the model is the value that an optionee might receive if the options were freely-traded, nor assume that these amounts are the same as those reported for by the employee as income received for tax purposes. For financial statement purposes, the fair value of options is charged to the statement of operations ratably over the vesting period, whereas for the purposes of this Circular the fair value is shown in totality on the grant date.

### **Incentive Awards – Named Executive Officers**

Under the Option Plan, dated for reference March 24, 2010, as amended March 17, 2011 and May 16, 2012, an aggregate of 10% of the issued and outstanding Shares are reserved for issuance at the time options are granted. The Option Plan was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. Management proposes option grants to the Board based on such criteria as performance, previous grants, and hiring incentives. All grants require approval of the Board. The Option Plan is administered by the Board and provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company. See “*Securities Authorized for Issuance Under Equity Compensation Plans*” and “*Particulars of Matters to be Acted Upon – Continuation of Share Option Plan*” for further disclosure relating to the Option Plan.

Stock options granted to NEOs are granted, from time to time, as the Board feels is appropriate in the circumstances. The size of the options to be granted are recommended by the Compensation Committee and approved by the Board.

In determining stock option grants, the Compensation Committee takes into account the options previously granted by the Company. In addition, it considers options granted by comparable companies for similar levels of responsibility and considers the performance of each NEO or employee based on reports received from management, its own observations on individual performance (where possible) and its assessment of individual contribution to Shareholder value.

In addition to determining the number of Shares to be subject to options granted pursuant to the methodology outlined above, the Compensation Committee also determines, subject to and in accordance with the provision of the Option Plan, the following terms of the options:

- the exercise price;
- the terms on which the options vest; and
- any other materials terms and conditions.

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

The following table sets out all option-based and share-based awards outstanding as at the last financial year end, for each NEO, and includes awards granted before the most recently completed financial year.

Name and Position	Option Based Awards <sup>(1)</sup>				Share Based Awards <sup>(1)</sup>		
	Number of Securities Underlying Unexercised Options (vested-unvested)	Option Exercise Price (per Share)	Option Expiration Date	Value of Unexercised "In the Money" Options <sup>(2)</sup>	Number of Shares not vested	Market or Payout Value of Shares not vested <sup>(3)</sup>	Market or Payout Value of Shares vested but not paid out <sup>(3)</sup>
Buchamer, Randy G. CEO	191,667 - 958,333	\$0.55	Sep. 30, 2019	Nil	Nil	Nil	Nil
	87,500 - 87,500	\$0.20	Feb. 13, 2019	\$8,750			
	275,000 - 0	\$0.30	Aug. 21, 2018	Nil			
	155,555 - 77,778	\$0.30	May. 22, 2018	Nil			
	333,333 - 0	\$0.63	Feb. 10, 2016	Nil			
	33,000 - 0	\$0.63	Nov. 3, 2015	Nil			
Dhanani, Shabir CFO <sup>(4)</sup>	12,500 - 12,500	\$0.20	Feb. 13, 2019	\$1,250	Nil	Nil	Nil
	80,750 - 0	\$0.30	Aug. 21, 2018	Nil			
	33,333 - 16,667	\$0.30	May 22, 2018	Nil			
	50,000 - 0	\$0.42	Apr. 18, 2018	Nil			
	33,333 - 0	\$0.63	Feb 10, 2016	Nil			

(1) Amounts shown are for the entire financial year (even if the NEO or director was not an NEO or director for the entire year).

(2) The value of the unexercised "in-the-money options" at the financial year end is the difference between the option exercise price and the market value of the underlying Shares on the TSX-V. The market value is the closing price of the Shares on the TSX-V of \$0.30 on the last trading day of the last financial year. Options which were not vested at the financial year end are not included in this value.

(3) The value of a Share based award is the product of the number of Shares issuable on the vesting date multiplied by the closing market price of the Shares on the vesting date.

(4) Subsequent to the financial year ended September 30, 2015, Steve Vanry was appointed CFO in place of Shabir Dhanani.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out the value vested or earned of awards during the last financial year, for each NEO:

Name and Position	Value Vested or Earned during the last Financial Year <sup>(1)</sup>		
	Share Based Awards <sup>(2)</sup>	Option Based Awards <sup>(3)</sup>	Non-equity Incentive Plan Compensation Based Awards
Randy G. Buchamer, CEO	Nil	\$19,541	Nil
Shabir Dhanani, CFO <sup>(4)</sup>	Nil	\$3,625	Nil

(1) Amounts shown are for the entire financial year (even if the NEO was not an NEO for the entire year).

- (2) The value of a share based award is the product of the number of Shares issuable on the vesting date multiplied by the closing market price of the Shares on the vesting date.
- (3) The value of an option based award is the product of the number of Shares issuable on the exercise of the option on the vesting date multiplied by the difference between the exercise price and the closing market price of the Shares on the vesting date.
- (4) Subsequent to the financial year ended September 30, 2015, Steve Vanry was appointed CFO in place of Shabir Dhanani.

### **Employment Agreements, Termination and Change of Control Benefits**

The Company has written employment contracts with its President and CEO, Randy G. Buchamer, and its CFO during the last financial year, Shabir Dhanani.

Mr. Buchamer is engaged by an executive employment agreement made effective October 1, 2010 (the “**Buchamer Agreement**”) to manage, supervise and direct all activities of the Company at, *inter alia*, an annual salary of \$200,000, a monthly car allowance of \$800, payment of admission or membership fees in associations that benefit the Company, participation in the Option Plan, and benefits comparable to those provided by the Company from time to time to other senior executives of the Company.

Under the terms of Mr. Dhanani’s contract, Mr. Dhanani provides financial, accounting and securities compliance services to the Company at, *inter alia*, an annual salary of \$102,000, a monthly car allowance of \$800, and medical, dental and extended health benefits pursuant to the Company’s standard policy. Mr. Dhanani’s contract was terminated in August 2015, with a working notice period ending June 15, 2016.

#### Termination and Change of Control Benefits

Pursuant to the Buchamer Agreement, the Company may terminate Randy G. Buchamer’s employment for just cause or upon his death without notice or any payment in lieu thereof. Mr. Buchamer’s employment may be terminated, after a period of three years from a change of control, by the Company providing notice equal to 12 months plus one month for each completed year of consecutive service up to a maximum of 24 months (the “**Notice Period**”) or, in the sole discretion of the Company, payment in lieu thereof of an amount equal to his monthly compensation multiplied by the number of months in the Notice Period. Mr. Buchamer’s employment may be terminated, within the period of three years from a change of control, by the Company giving 10 days notice and paying to Mr. Buchamer an amount equal to 24 times his monthly compensation.

The estimated salary payment from the Company to Randy G. Buchamer on termination of employment, assuming the triggering event occurred on the last day of the last financial year end, is as follows, assuming that the Company elects to make payments in lieu of notice entitlements and there is no outstanding and accrued vacation pay or salary payments:

<b>NEO</b>	<b>Termination for Cause</b>	<b>Termination Without Cause</b>	<b>Termination for Disability</b>	<b>Change of Control (Without Cause)</b>
Randy G. Buchamer	Nil	Nil	Nil	\$ 316,667 <sup>(1)</sup>

- (1) Assuming that a change of control occurred on September 30, 2015 and Mr. Buchamer’s employment was terminated on the third anniversary thereof.

## Director Compensation

The Company pays, subject to availability of funds, its independent directors a fee of \$1,000 per quarter, together with an additional fee of \$500 for each directors' meeting attended in person and \$250 for each directors' meeting attended by telephone. In addition, the Chairmen of the Audit Committee, Compensation Committee and Corporate Governance Committee each receive a fee of \$2,000, \$1,000 and \$1,000, respectively, per year. The members of these committees receive a fee of \$500 for each meeting attended.

The following table discloses the compensation paid, directly or indirectly, by or on behalf of the Company during the previous financial year to its directors (other than a director who is or was also an executive officer of the Company and whose remuneration is disclosed under the table in "Named Executive Officers" Compensation Summary' above).

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other comp'n (\$)	Total comp'n (\$)
Michael J. Atkinson	Nil	Nil	\$43,513	Nil	Nil	Nil	\$43,513
James P. Blundell	Nil	Nil	Nil	Nil	Nil	Nil	Nil
David D. Guebert <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Michael F. Harcourt	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Matthew B Walker	Nil	Nil	Nil	Nil	Nil	Nil	Nil

- (1) Fair value\* of stock option(s) on the date(s) of granting determined using the Black-Scholes-Merton Model described above and assuming the option(s) are fully vested and using the following variables:

Option Date	Market Price	Exercise Price	Term of Option	Volatility	Discount Rate	Value of Option
October 1, 2014	\$0.55	\$0.55	5 years	134%	1.13%	\$0.43

\* Until a stock option has been exercised and the stock sold, the director does not receive any cash proceeds from the option and, accordingly, the amount shown is only the deemed "value" of the option.

- (2) David D. Guebert was appointed a director on February 10, 2016.
- (3) Amounts shown are for the entire financial year and include all remuneration paid during, or payable in respect of, the year, even if the director was not a director for the entire year.

The methodology used for determining the remuneration of the Board is similar to that used for the remuneration of NEOs. Remuneration of committee chairmen is determined based on their own merits and circumstances after being considered in light of prevailing economic conditions – both on a corporate level and on national and international levels – and industry norms for such remuneration. Levels of remuneration of directors, committee members and committee chairmen are usually first discussed among the members of the Compensation Committee before being formally considered and approved by the Board.

## Incentive Plan Awards – Directors

### Outstanding Option-based and Share-based Awards

The following table sets out all option-based and share-based awards outstanding as at the last financial year end, for each director, excluding directors that are also an NEO, and includes awards granted before the most recently completed financial year.

Name	Option Based Awards <sup>(1)</sup>				Share Based Awards <sup>(1)</sup>		
	Number of Securities Underlying Unexercised Options (vested-unvested)	Option Exercise Price (per Share)	Option Expiration Date	Value of Unexercised “In the Money” Options <sup>(2)</sup>	Number of Shares not vested	Market or Payout Value of Shares not vested <sup>(3)</sup>	Market or Payout Value of Shares vested but not paid out <sup>(3)</sup>
Michael j. Atkinson	62,500 - 62,500	\$0.20	Feb. 13, 2019	\$6,250	Nil	Nil	Nil
	16,667 - 83,333	\$0.55	Sep. 30, 2019	Nil			
	44,445 – 22,222	\$0.30	May 22, 2018	Nil			
	33,333 - 0	\$0.63	Nov. 4, 2015	Nil			
James P. Blundell	87,500 - 87,500	\$0.20	Feb. 13, 2019	\$8,750	Nil	Nil	Nil
David D. Guebert <sup>(4)</sup>	Nil	-	-	Nil	Nil	Nil	Nil
Michael F. Harcourt	62,500 - 62,500	\$0.20	Feb. 13, 2019	\$6,250	Nil	Nil	Nil
	33,333 – 16,667	\$0.30	May 22, 2018	Nil			
	33,333 – 0	\$0.63	Feb. 11, 2016	Nil			
Matthew B. Walker	87,500 - 87,500	\$0.20	Feb. 13, 2019	\$8,750	Nil	Nil	Nil

(1) Amounts shown are for the entire financial year (even if the director was not a director for the entire year).

(2) The value of the unexercised “in-the-money options” at the financial year end is the difference between the option exercise price and the market value of the underlying Shares on the TSX-V. The market value is the closing price of the Shares on the TSX-V of \$0.30 on the last trading day of the last financial year. Options which were not vested at the financial year end are not included in this value.

(3) The value of a share based award is the product of the number of Shares issuable on the vesting date multiplied by the closing market price of the Shares on the vesting date.

(4) David D. Guebert was appointed a director on February 10, 2016.

### Incentive-Plan Awards – Value Vested or Earned During the Year

The following table sets out the value vested or earned of awards, and the value earned of non-equity incentive plan compensation during the last financial year, for each director, excluding Randy G. Buchamer. See “*Statement of Executive Compensation – Incentive Plan Awards– Value Vested or Earned During the Year*” for the value vested of option-based awards, and the value earned of non-equity incentive plan compensation during the last financial year for Randy G. Buchamer.

Name	Value Vested or Earned during the last Financial Year <sup>(1)</sup>		
	Share Based Awards <sup>(2)</sup> (\$)	Option Based Awards <sup>(3)</sup> (\$)	Non-equity Incentive Plan Compensation (\$)
Michael J. Atkinson	Nil	\$10,959	Nil
James P. Blundell	Nil	\$12,541	Nil
David D. Guebert <sup>(4)</sup>	Nil	Nil	Nil
Michael F. Harcourt	Nil	\$10,459	Nil
Matthew B. Walker	Nil	\$12,541	Nil

- (1) Amounts shown are for the entire financial year (even if the director was not a director for the entire year).
- (2) The value of a share based award is the product of the number of Shares issuable on the vesting date multiplied by the closing market price of the Shares on the vesting date.
- (3) The value of an option based award is the product of the number of Shares issuable on the exercise of the option on the vesting date multiplied by the difference between the exercise price and the closing market price of the Shares on the vesting date.
- (4) David D. Guebert was appointed a director on February 10, 2016.

The Compensation Committee's approach to recommending options to be granted is consistent with prevailing practice in the technology industry. Grants of options depend on the length of service of the directors. There are, therefore, no formulae followed or performance goals or significant conditions which must be met before options will be granted. Options are always granted at the prevailing market price of the Shares.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out equity compensation plan information as at the end of the last financial year.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by securityholders <sup>(1)</sup>	4,856,160	\$0.41	1,974,565
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Totals</b>	<b>4,856,160</b>	-	<b>1,974,565</b>

- (1) Includes options to purchase 2,407,222 Shares that had not vested by the end of the financial year. No other rights to purchase Shares under an equity compensation plan were outstanding at the end of the financial year.

- (2) Excluding the number of Shares issuable upon exercise of outstanding options, warrants and rights shown in the second column.

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

None of the current or former (within the last financial year) directors, executive officers or employees of the Company or any subsidiary are indebted to the Company. None of the current or former (within the last financial year) directors and executive officers of the Company, proposed nominees for election as directors of the Company or associates of any such persons are, or at any time during the last financial year have been, indebted to the Company, any subsidiary or to any third party to which the Company or any subsidiary have provided a guarantee, support agreement, letter of credit or other similar arrangement or understanding in connection with a securities purchase or other program.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

An informed person is one who, generally speaking, is a director or executive officer or a Shareholder owning 10% or more of the Shares. To the knowledge of management of the Company, no informed person of the Company, proposed nominee for election as a director of the Company, or any associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, in any transaction since the commencement of the Company's last financial year or in any proposed transaction that has materially affected or would materially affect the Company other than as set out herein or in a document disclosed to the public and filed on [www.sedar.com](http://www.sedar.com).

## **MANAGEMENT CONTRACTS**

There were no management functions of the Company, which were to any substantial degree performed by a person or corporation other than the directors or executive officers of the Company during the most recently completed financial year, other than as set out herein.

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

### **Continuation of Share Option Plan**

The TSX-V requires each listed corporation to have a share option plan. To comply with such TSX-V policy, and to provide incentive to directors, officers, employees, management and others who provide services to the Company (the "**Optionees**"), the Board created the Option Plan on March 24, 2010 and the Shareholders approved the adoption of the Option Plan at the 2010 annual general meeting of Shareholders. The Option Plan has been re-approved by Shareholders at each annual general meeting thereafter.

Under the Option Plan, a maximum of 10% of the issued and outstanding Shares are reserved for options to be granted to eligible Optionees at the discretion of the Board. This type of share option plan is called a "rolling" plan. As at the Record Date, there were 4,856,160 Shares subject to outstanding options and an additional 1,083,578 Shares remaining eligible for new options which may be granted under the Option Plan.

Under TSX-V policy, the continuation of the Option Plan requires annual Shareholder approval at the Meeting by ordinary resolution. The Board is of the view that the Option Plan provides the Company with the flexibility to attract and maintain the services of executives, employees and other service providers in competition with other companies in the industry.

The following is a summary of the material terms of the Option Plan:

1. The aggregate number of Shares subject to outstanding options cannot exceed 10% of the outstanding Shares.
2. The aggregate number of Shares subject to options granted in any 12-month period to:
  - (a) any one Optionee cannot exceed 5% of the Shares unless approved by disinterested Shareholders;
  - (b) all Optionees conducting investor relations activities cannot exceed 2% of the outstanding Shares, without the prior consent of the TSX-V; and
  - (c) any one Optionee that is a consultant cannot exceed 2% of the outstanding Shares, without the prior consent of the TSX-V.
3. The Company may grant options with a term of up to 10 years.
4. All options must expire within 90 days (or such other time, not to exceed one year, as shall be determined by the Board at the grant or agreed to by the Board and the Optionee at any time prior to expiry of the option) following the termination of the relationship between the Optionee and the Company.
5. If an Optionee dies, the vested portions of the Optionee's options shall be exercisable by his personal representatives until the first anniversary of the Optionee's death.
6. If an Optionee is dismissed from employment or service "for cause", the Optionee's options shall terminate concurrent with such dismissal and cannot be exercised.
7. The stock options may be exercisable at a price no more than the TSX-V's permitted discount from the "Market Price" (the last closing price prior to the option being granted), however, the Company's practice is to always grant options that are exercisable at or more than the Market Price.
8. The Company may grant stock options without an "Exchange Hold Period" (four months on the underlying Shares) if the exercise price of the options is greater than or equal to the Market Price and the option is not granted to an insider. The Exchange Hold Period will always apply if the stock option is granted to an insider.
9. The Board may in its absolute discretion, amend or modify the Option Plan or any option granted:
  - (a) to make amendments that are of a typographical, grammatical, clerical, or housekeeping nature only;
  - (b) to change the vesting provisions of an option granted, subject to prior approval of the TSX-V, if applicable;

- (c) to amend the exercise price of an option granted, subject to obtaining the approval of disinterested Shareholders (if the Optionee is an insider) and the prior written approval of the TSX-V;
- (d) to change the termination provision of an option granted that does not entail an extension beyond the maximum period permitted under the TSX-V policies;
- (e) to make amendments necessary as a result in changes in laws applicable to the Company;
- (f) if the Company becomes listed or quoted on a stock exchange or stock market senior to the TSX-V, to make such amendments as may be required by the policies of such senior stock exchange or stock market; and
- (g) make such amendments as reduce, and do not increase, the benefits of this Plan to Optionees.

At the Meeting, Shareholders will be asked to vote on the following ordinary resolution, with or without variation:

“RESOLVED THAT the Company’s 10% rolling share option plan dated for reference March 24, 2010, as amended March 17, 2011 and May 16, 2012, be and is hereby ratified and approved until the next annual general meeting of the Company.”

**The Board recommends that Shareholders vote in favour of the above resolution.** The persons named in the Proxy or VIF as Proxyholders intend to vote the Shares represented by Proxies and VIFs in favour of the proposed resolution.

### ADDITIONAL INFORMATION

Financial information is provided in the audited financial statements of the Company and Management Discussion and Analysis for the last financial year. Additional information relating to the Company, including the Company’s audited financial statements and Management Discussion and Analysis for the last financial year, can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Copies of the Company’s audited financial statements and Management Discussion and Analysis for the last financial year and the Option Plan are available upon request from the Company’s Chief Financial Officer at:

Legend Power Systems Inc.  
1480 Frances Street  
Vancouver, British Columbia V5L 1Y9

Telephone: (+1) 604-420-1500 (collect calls accepted); Fax: (+1) 604-420-1533

Copies of these documents will be provided, upon request, free of charge to securityholders of the Company. The Company may require the payment of a reasonable charge from any person or corporation who is not a security holder of the Company, who requests a copy of any such document.

**OTHER MATTERS**

As of the date of this Circular, the Board is not aware of any other matters that may come before the Meeting other than as set forth in the Notice of Meeting that accompanies this Circular. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed Proxy to vote the shares represented thereby in accordance with the recommendations of management on such matter.

**DATED** this 11<sup>th</sup> day of July 2016

**BY ORDER OF THE BOARD**

(signed) RANDY G. BUCHAMER  
President and CEO

**CHARTER  
FOR THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS**

**1. PURPOSE**

The primary responsibility of the Audit Committee of Legend Power Systems Inc. (“Company”) is oversight of the Company’s financial management and reporting processes on behalf of the Board of Directors (“Board”). This includes oversight of financial reporting and continuous disclosure, external audit activities, financial risk and financial management control, and compliance with tax and securities laws and regulations as well as whistle blowing procedures.

**2. MEMBERSHIP**

(a) The Audit Committee will consist of three members, at least two of whom must be independent directors (as defined in National Instrument (NI) 52-110 *Audit Committees*), and all of whom shall be financially literate. An Audit Committee member who is not financially literate may be appointed to the Audit Committee provided that the member becomes financially literate within a reasonable period of time following his or her appointment.

(b) The members of the Audit Committee will be appointed annually (and from time to time thereafter to fill vacancies on the Audit Committee) by the Board. An Audit Committee member may be removed or replaced at any time at the discretion of the Board.

**3. AUTHORITY AND RESOURCES**

In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:

(a) engage, and set and pay the compensation for, independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities and any such consultants or professional advisors retained by the Audit Committee will report directly to the Audit Committee;

(b) communicate directly with management and any internal auditor, and with the external auditor without management involvement; and

(c) to incur ordinary administrative expenses that are necessary or appropriate in carrying out its duties, such expenses to be paid for by the Company.

**4. DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Audit Committee include:

(a) recommending to the Board the external auditor to be engaged by the Board;

(b) recommending to the Board the compensation of the external auditor, to be paid by the Company, in connection with (i) preparing and issuing the audit report on the Company’s financial statements, and (ii) performing other audit, review or attestation services;

- (c) reviewing the external auditor's annual audit plan, fee schedule and any related services proposals (including meeting with the external auditor to discuss any deviations from or changes to the original audit plan, as well as to ensure that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditor or the reporting of their findings to the Audit Committee);
- (d) overseeing the work of the external auditor;
- (e) ensuring that the external auditor is independent by receiving a report annually from the external auditors with respect to their independence, such report to include a disclosure of all engagements (and fees related thereto) for non-audit services provided to Company;
- (f) ensuring that the external auditor is in good standing with the Canadian Public Accountability Board by receiving, at least annually, a report by the external auditor on the audit firm's internal quality control processes and procedures, such report to include any material issues raised by the most recent internal quality control review, or peer review, of the firm, or any governmental or professional authorities of the firm within the preceding five years, and any steps taken to deal with such issues;
- (g) ensuring that the external auditor meets the rotation requirements for partners and staff assigned to the Company's annual audit by receiving a report annually from the external auditors setting out the status of each professional with respect to the appropriate regulatory rotation requirements and plans to transition new partners and staff onto the audit engagement as various audit team members' rotation periods expire;
- (h) reviewing and discussing with management and the external auditor the annual audited and quarterly unaudited financial statements and related Management Discussion and Analysis ("MD&A"), including the appropriateness of the Company's accounting policies, disclosures (including material transactions with related parties), reserves, key estimates and judgements (including changes or variations thereto) and obtaining reasonable assurance that the financial statements are presented fairly in accordance with GAAP/IFRS and the MD&A is in compliance with appropriate regulatory requirements;
- (i) reviewing and discussing with management and the external auditor major issues regarding accounting principles and financial statement presentation including any significant changes in the selection or application of accounting principles to be observed in the preparation of the financial statements of the Company and its subsidiaries;
- (j) reviewing and discussing with management and the external auditor the external auditor's written communications to the Audit Committee in accordance with generally accepted auditing standards and other applicable regulatory requirements arising from the annual audit and quarterly review engagements;
- (k) reviewing and discussing with management and the external auditor all earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies prior to such information being disclosed;
- (l) reviewing the external auditor's report to the shareholders on the Company's annual financial statements;

- (m) reporting on and recommending to the Board the approval of the annual financial statements and the external auditor's report on those financial statements, the quarterly unaudited financial statements, and the related MD&A and press releases for such financial statements, prior to the dissemination of these documents to shareholders, regulators, analysts and the public;
- (n) satisfying itself on a regular basis through reports from management and related reports, if any, from the external auditors, that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements that such information is fairly presented;
- (o) overseeing the adequacy of the Company's system of internal accounting controls and obtaining from management and the external auditor summaries and recommendations for improvement of such internal controls and processes, together with reviewing management's remediation of identified weaknesses;
- (p) reviewing with management and the external auditors the integrity of disclosure controls and internal controls over financial reporting;
- (q) reviewing, monitoring, discussing and assessing the processes in place to identify and manage the principal risks that could impact the Company and discussing policies with respect to risk assessment and risk management, which discussions will include (i) the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, and (ii) guidelines and policies to govern the process by which risk assessment and management is undertaken;
- (r) satisfying itself that management has developed and implemented a system to ensure that the Company meets its continuous disclosure obligations through the receipt of regular reports from management and the Company's legal advisors on the functioning of the disclosure compliance system, (including any significant instances of non-compliance with such system) in order to satisfy itself that such system may be reasonably relied upon.;
- (s) resolving disputes between management and the external auditor regarding financial reporting;
- (t) establishing procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Company from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practises relating thereto; and
  - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (u) reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;
- (v) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor (the Chair of the Audit Committee has the authority to pre-approve in between regularly scheduled Audit Committee meetings any non-audit service of less

than \$25,000, however such approval will be presented to the Audit Committee at the next scheduled meeting for formal approval);

(w) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities; and

(x) establishing procedures for:

(i) reviewing the expenses of the Chair of the Board, and the Chief Executive Officer (the “CEO”) on a quarterly basis;

(ii) reviewing the adequacy of the Company’s insurance coverage including, with the assistance of the Governance and Nominating Committee, Directors’ and Officers’ insurance coverage;

(iii) reviewing activities, organizational structure, and qualifications of the Chief Financial Officer (“CFO”) and the staff in the financial reporting area and ensuring that matters related to succession planning are raised for consideration at the Board;

(iv) obtaining reasonable assurance as to the integrity of the CEO and other senior management and that the CEO and other senior management strive to create a culture of integrity throughout the Company;

(v) reviewing fraud prevention policies and programs, and monitoring their implementation

(vi) reviewing regular reports from management and others (e.g., external auditors, legal counsel) with respect to the Company’s compliance with laws and regulations having a material impact on the financial statements including:

(A) tax and financial reporting laws and regulations;

(B) legal withholding requirements;

(C) environmental protection laws and regulations; and

(D) other laws and regulations which expose directors to liability.

(y) appropriate orientation of new members as well as the continuous education of all members including identifying their individual needs and arranging for such education

(z) other matters as may be directed by the Board from time to time

(aa) on behalf of the Board, providing continuously monitoring developments related to the committee’s responsibilities.

(bb) annually reviewing and assessing the adequacy of this charter taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Company has a reporting relationship and, if appropriate, recommending changes to the Board.

## 5. MEETINGS

- (a) The quorum for a meeting of the Audit Committee is a majority of the members.
- (b) The Board will appoint the Chair of the Audit Committee who will be responsible for leadership of the committee, including scheduling and presiding over meetings, preparing agendas, overseeing the preparation of briefing documents to circulate during the meetings as well as pre-meeting materials, and making regular reports to the Board. The Chair of the Audit Committee will also maintain regular liaison with the CEO, CFO, and the lead engagement partner of the external auditor.
- (c) The Audit Committee's schedule of meetings and agendas are set out in section 9 below. Dates and locations will be provided to the Board, the Audit Committee members, the external auditors and management in advance.
- (d) The Audit Committee will meet in camera separately with the CEO and separately with the CFO of the Company at least annually to review the financial affairs of the Company.
- (e) The Audit Committee will meet with the external auditor of the Company in camera at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.
- (f) The external auditor must be given reasonable notice of each meeting of the Audit Committee.
- (g) Each of the chair of the Audit Committee, members of the Audit Committee, Chair of the Board, external auditor, CEO, CFO or secretary shall be entitled to request that the Chair of the Audit Committee call a meeting which shall be held within 48 hours of receipt of such request to consider any matter that such individual believes should be brought to the attention of the Board or the shareholders.

## 6. REPORTS

- (a) The Audit Committee will report, at least quarterly, to the Board regarding the Audit Committee's examinations and recommendations, and annually to the Board regarding the Audit Committee's compliance with this Charter.
- (b) The Audit Committee will report its activities to the Board to be incorporated as a part of the minutes of the Board meeting at which those activities are reported.

## 7. MINUTES

The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.