



## **1933 INDUSTRIES INC.**

### **2023 ANNUAL GENERAL MEETING**

**Notice of Annual General Meeting of Shareholders  
and  
Management Information Circular**

**Place:** Boardroom of Suite 300 – 1055 W. Hastings Street  
Vancouver, BC

**Time:** 11:00 a.m. PST

**Date:** May 8, 2023



## 1933 INDUSTRIES INC.

### CORPORATE DATA

#### **Head Office**

Suite 300 – 1055 W. Hastings Street  
Vancouver, British Columbia  
CANADA V6E 2E9  
Telephone: 604-684-6264  
Web Site: [www.1933industries.com](http://www.1933industries.com)

#### **Directors**

Paul Rosen  
Brian Farrell  
D. Richard Skeith  
Lisa Capparelli  
Ranson Shepherd

#### **Officers**

Paul Rosen, CEO and Chairman  
Brian Farrell, CFO  
Caleb Zobrist, Executive VP  
Alexia Helgason, VP of Investor Relations  
Marion McGrath, Corporate Secretary

#### **Registrar & Transfer Agent**

ODYSSEY TRUST COMPANY  
United Kingdom Building  
323 – 409 Granville Street  
Vancouver, British Columbia  
V6C 1T2

ODYSSEY TRUST COMPANY  
Stock Exchange Tower  
1230 – 300 5<sup>th</sup> Avenue SW  
Calgary, Alberta  
T2P 3C4

#### **Legal Counsel**

Shauna Hartman  
Armstrong Simpson  
2080 – 777 Hornby Street  
Vancouver, British Columbia  
V6Z 1S4

#### **Auditor**

MNP LLP  
Chartered Professional Accountants,  
602, 1122 International Blvd.,  
Burlington, ON  
L7L 6Z8

#### **Stock Exchange Listings**

Canadian Securities Exchange (CSE)  
Symbol “TGIF.CN”  
OTCQB  
Symbol “TGIF”

# 1933 INDUSTRIES INC.

Suite 300 – 1055 W. Hastings Street  
Vancouver, British Columbia  
Canada V6E 2E9  
Tel: 604.684.6264

## MANAGEMENT INFORMATION CIRCULAR

**For the 2023 Annual General Meeting to be held on May 8, 2023  
(information is as at March 24, 2023, except as indicated)**

## GENERAL PROXY INFORMATION AND CIRCULAR DISCLOSURE

### **Persons Making the Solicitation**

**This Information Circular is being furnished in connection with the solicitation of proxies by the management of 1933 Industries Inc. (the “Company”) for use at the annual general meeting (the “Meeting”) of the holders of common shares in the capital of the Company (the “Shareholders”) to be held in the Boardroom of Suite 300 – 1055 W. Hastings Street, Vancouver, BC, Canada, on May 8, 2023, at 11:00 a.m. (Vancouver time) for the purposes set forth in the accompanying Notice of Meeting.** While it is expected that the solicitation of proxies will be primarily by mail, proxies may be solicited personally or by telephone by the regular employees of the Company at nominal cost. The Company may reimburse Shareholders’ nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining authorization from their principals to execute proxies. All costs of solicitation will be borne by the Company. None of the directors of the Company have advised that they intend to oppose any action intended to be taken by management as set forth in this Information Circular.

### **Appointment and Revocation of Proxies**

The individuals named in the accompanying form of proxy (the “Proxy”) are directors or officers of the Company. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR THE SHAREHOLDER AND ON THE SHAREHOLDER’S BEHALF AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY INSERTING SUCH PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND STRIKING OUT THE TWO PRINTED NAMES, OR BY COMPLETING ANOTHER FORM OF PROXY.** A Proxy will not be valid unless the completed, dated and signed Proxy is received by Odyssey Trust Company at 323 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2 by 11:00 a.m. (Vancouver time) on May 4, 2023 or if the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the date to which the Meeting is adjourned or postponed. Internet voting can be completed at <http://login.odysseytrust.com/pxlogin>, and mailing voting can be completed at Odyssey Trust Company, Stock Exchange Tower, 1230 - 300 5th Avenue SW, Calgary AB, T2P 3C4

A Shareholder who has given a Proxy may revoke it by an instrument in writing executed by the Shareholder or by the Shareholder’s attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Company, at 2080 – 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4, at any time up to and including the last business day preceding the day of the Meeting or any adjournment of it or to the Chairman of the Meeting on the day of the Meeting or any adjournment of it. A revocation of a Proxy does not affect any matter on which a vote has been taken prior to the revocation.

If you are a non-registered Shareholder, please follow the instructions from your bank, broker or other financial intermediary for instructions on how to revoke your voting instructions.

### **Exercise of Discretion**

If the instructions in a Proxy are certain, the shares represented thereby will be voted on any poll by the persons named in the Proxy and, where a choice with respect to any matter to be acted upon has been specified in the Proxy, the shares represented thereby will, on a poll, be voted or withheld from voting in accordance with the specifications so made. **If you do not provide instructions in your Proxy, the persons named in the enclosed Proxy will vote your shares FOR the matters to be acted on at the Meeting.**

The persons named in the enclosed Proxy will have discretionary authority with respect to any amendments or variations of these matters or any other matters properly brought before the Meeting or any adjournment or postponement thereof, in each instance, to the extent permitted by law, whether or not the amendment or other item of business that comes before the Meeting is routine or contested. The persons named in the enclosed Proxy will vote on such matters in accordance with their best judgment. At the time of the printing of this Information Circular, the management of the Company knows of no such amendment, variation or other matter which may be presented to the Meeting.

#### **Advice to Non-Registered (Beneficial) Shareholders**

The information set out in this section is important to many Shareholders as a substantial number of Shareholders do not hold their shares in their own name.

**Only registered Shareholders or duly appointed proxyholders for registered Shareholders are permitted to vote at the Meeting. Most of the Shareholders of the Company are “non-registered” Shareholders because the shares they own are not registered in their names, but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares.**

More particularly, a person is not a registered Shareholder in respect of shares of the Company which are held on behalf of that person (the “Non-Registered Holder”) but which are registered either (a) in the name of an intermediary (the “Intermediary”) that the Non-Registered Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans), or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”) of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Information Circular and the form of Proxy (collectively referred to as the “Meeting Materials”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies (such as Broadridge Investor Communication Solutions) to forward the Meeting Materials to Non-Registered Holders. Generally, if you are a Non-Registered Holder and you have not waived the right to receive the Meeting Materials you will either:

- (a) be given a form of **proxy which has already been signed by the Intermediary** (typically by a facsimile stamped signature) which is restricted to the number of shares beneficially owned by you, but which is otherwise not complete. Because the Intermediary has already signed the proxy, this proxy is not required to be signed by you when submitting it. In this case, if you wish to submit a proxy you should otherwise properly complete the executed proxy provided and deposit it with **Odyssey Trust Company**, as provided above; or
- (b) more typically, a Non-Registered Holder will be given a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non-Registered Holder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “proxy”, “proxy authorization form” or “voting instruction form”) which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page printed form, the voting instruction form will consist of a regular printed proxy accompanied by a page of instructions that contains a removable label containing a bar-code and other information. In order for the proxy to validly constitute a voting instruction form, the Non-Registered Holder must remove the label from the instructions and affix it to the proxy, properly complete and sign the proxy **and return it to the Intermediary or its service company (not the Company or Odyssey Trust Company)** in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares that they beneficially own. If you are a Non-Registered Holder and you wish to vote at the Meeting in person as proxyholder for the shares owned by you, you should strike out the names of the management designated proxyholders named in the proxy authorization form or voting instruction form and insert your name in the blank space provided. **In either case, you should carefully follow the instructions of your Intermediary, including when and where the proxy, proxy authorization or voting instruction form is to be delivered.**

The materials with respect to the Meeting are being sent to both registered Shareholders and Non-Registered Holders who have not objected to the Intermediary through which their shares are held disclosing ownership information about themselves to the Company (“NOBOs”). If you are a NOBO, and the Company or its agent has sent these materials to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary on your behalf.

If you are a Non-Registered Holder who has objected to the Intermediary through which your shares are held disclosing ownership information about you to the Company (an “OBO”), you should be aware that the Company does not intend to pay for Intermediaries to forward the materials with respect to the Meeting, including proxies or voting information forms, to OBOs and therefore an OBO will not receive the materials with respect to the Meeting unless that OBO’s Intermediary assumes the cost of delivery.

### **NOTICE AND ACCESS**

In November 2012, the Canadian Securities Administrators announced the adoption of regulatory amendments to securities laws governing the delivery of proxy-related materials by public companies. As a result, public companies are now permitted to advise their shareholders of the availability of all proxy-related materials on an easily accessible website, rather than mailing physical copies of the materials.

The Company has elected to use the notice and access procedure described in NI 54-101 and National Instrument 51-102 *Continuous Disclosure Obligations* (“**NI 51-102**”) to distribute its proxy-related materials to the Registered and Beneficial Shareholders. The Company will not use procedures known as “stratification” in relation to the use of the Notice-and-Access Provisions, meaning that both registered and Beneficial Shareholders will be mailed a notification of availability of Meeting materials directing them to those websites where they can access the Information Circular and other relevant information (the “**Notice-and- Access Notification**”). If you receive the Notice-and-Access Notification and would like to receive a paper copy of the Information Circular and other relevant information, please follow the instructions printed on the Notice-and-Access Notification and the materials will be mailed to you. All materials will be forwarded to shareholders at the Company’s expense. To receive a paper copy of this Information Circular and other relevant information, requests by shareholders may be made up to one year from the date the Information Circular was filed on System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at [www.sedar.com](http://www.sedar.com).

The Company anticipates that notice-and-access will directly benefit the Company through the reduction in postage and printing costs. The Company believes that notice-and-access is also environmentally responsible to the extent that it decreases the large volume of paper documents generated by printing proxy related materials. Shareholders with questions about notice-and-access can call Odyssey Trust Company toll free at 1-888-290-1175 or email [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com).

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

Other than as disclosed elsewhere in this Information Circular, none of the current directors or executive officers, no proposed nominee for election as a director, none of the persons who have been directors or executive officers since the commencement of the last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, with the exception of the ratification and approval of the Company’s stock option plan.

### **RECORD DATE AND QUORUM**

The board of directors (the “**Board**”) of the Company have fixed the record date for the Meeting at the close of business on March 24, 2023, (the “**Record Date**”). Shareholders of common shares the Company of record as at the Record Date are entitled to receive notice of the Meeting and to vote those shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, except to the extent that any such shareholder transfers any shares after the Record Date and the transferee of those shares establishes that the transferee owns the shares and demands, not less than ten days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

Under the Company's current Articles, the quorum for the transaction of business at the Meeting consists of shareholders, present in person or represented by proxy, who in the aggregate hold at least 10% of the voting rights attached to issued common shares entitled to be voted at the Meeting.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The authorized capital of the Company consists of an unlimited number of common shares without nominal or par value ("common shares") and an unlimited number of preferred shares issuable in series. As at the Record Date, there were 458,557,204, common shares issued and outstanding, each carrying the right to one vote. Common shares of the Company are listed on the Canadian Securities Exchange (the "CSE") under the trading symbol "TGIF"

Only shareholders of record of common shares at the close of business on the Record Date, who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have their common shares voted at the Meeting.

As at March 24, 2022, to the knowledge of the directors and senior officers of the Company, and based on the Company's review of the records maintained by Odyssey Trust Company, electronic filings with System for Electronic Document Analysis and Retrieval (SEDAR) and insider reports filed with System for Electronic Disclosure by Insiders (SEDI), no person owns, directly or indirectly, or exercises control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company.

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

No person who is or at any time during the most recently completed financial year was a director, executive officer or senior officer of the Company, no proposed nominee for election as a director of the Company (the "Board of Directors" or the "Board"), and no associate of any of the foregoing persons has been indebted to the Company or its subsidiaries at any time since the commencement of the Company's last completed financial year. No guarantee, support agreement, letter of credit or other similar arrangement or understanding has been provided by the Company at any time since the beginning of the most recently completed financial year with respect to any indebtedness of any such person.

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

Other than as disclosed herein, since the beginning of the Company's last financial year, no "informed person" of the Company (including a director, officer or individual or corporation that beneficially owns or controls 10% or more of the issued and outstanding voting securities of the Company), proposed nominee for election as a director of the Company ("proposed director"), or any associate or affiliate of any informed person or proposed director, has any material interest, direct or indirect in any transaction or any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries. See "Interest of Certain Persons or Companies in the Matters to be Acted Upon".

### **MANAGEMENT CONTRACTS**

The management functions of the Company and its subsidiaries are primarily performed by the directors and executive officers of the Company, and not to any substantial degree by any other person with whom the Company has contracted.

### **STATEMENT OF EXECUTIVE COMPENSATION**

For the purpose of this information circular:

"Named Executive Officers or NEOs" means in respect of the Company and its subsidiaries as at the year ended July 31, 2022:

- (a) the CEO of the Company;
- (b) the CFO of the Company;

- (c) the most highly compensated executive officer other than the CEO and CFO whose total compensation was, individually, more than \$150,000;
- (d) each individual for whom disclosure would have been provided above except that the individual was not serving as an executive officer of the Company, nor in a similar capacity, as at the end of the most recently completed financial year end.

As of July 31, 2022, the Company had three “Named Executive Officers”, namely Paul Rosen, CEO, Brian Farrell, CFO and Caleb Zobrist, Executive VP. See “*Director and Named Executive Officer-Compensation*” table notes.

### Director and Named Executive Officer Compensation

The following table (presented in accordance with National Instrument Form 51-102F6V, is a summary compensation (excluding compensation securities) paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, to the directors and NEOs for each of the Company’s two most recently completed financial years ended July 31, 2022 and 2021.

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 (\$)
Paul Rosen <sup>(5)</sup> CEO and Director	2022	351,140	Nil	Nil	n/a	Nil	351,140
	2021	227,750	Nil	Nil	n/a	Nil	227,750
Brian Farrell <sup>(3)(10)</sup> , CFO and Director	2022	22,000	Nil	Nil	n/a	Nil	22,000
	2021	23,500	Nil	Nil	n/a	Nil	23,500
Caleb Zobrist <sup>(8)</sup> , Executive VP	2022	232,881	Nil	Nil	n/a	Nil	232,881
	2021	247,443	Nil	Nil	n/a	Nil	247,443
D. Richard Skeith <sup>(11)</sup> Director	2022	12,000	Nil	Nil	n/a	Nil	12,000
	2021	17,500	Nil	Nil	n/a	Nil	17,500
Lisa Capparelli <sup>(6)</sup> Director	2022	15,085	Nil	Nil	n/a	Nil	15,085
	2021	13,157	Nil	Nil	n/a	Nil	13,157
Ranson Shepherd <sup>(2)</sup> Director	2022	Nil	Nil	Nil	n/a	Nil	Nil
	2021	Nil	Nil	Nil	n/a	Nil	Nil
Mark Baynes <sup>(7)</sup> Former Director	2022	11,335	Nil	Nil	n/a	Nil	11,335
	2021	13,157	Nil	Nil	n/a	Nil	13,157
Patricia Kaelin <sup>(3)</sup> Former CFO	2022	49,490	Nil	Nil	n/a	Nil	49,490
	2021	223,695	Nil	Nil	n/a	Nil	223,695
Terry Taouss <sup>(9)</sup> Former Director and Non- Executive Chairman	2022	n/a	n/a	n/a	n/a	n/a	n/a
	2021	49,500	Nil	Nil	n/a	Nil	49,500
Eugene Ruiz <sup>(4)</sup> Former President	2022	n/a	n/a	n/a	n/a	n/a	n/a
	2021	247,443	Nil	Nil	n/a	Nil	247,443

**Notes:**

1. The value of perquisites and benefits, if any, for each Named Executive Officer was less than the lesser of \$50,000 and 10% of the total annual salary and bonus.
2. Ranson Shepherd was appointed Director on February 15, 2022.
3. Patricia Kaelin was appointed Chief Financial Officer of the Company on July 3, 2020 and resigned as CFO of the Company on October 1, 2021. Following Ms. Kaelin’s resignation, Brian Farrell was appointed Chief Financial Officer of the Company.
4. Eugene Ruiz was appointed President on June 15, 2020 and ceased on January 31, 2021.
5. Paul Rosen was appointed Chief Executive Officer on June 15, 2020 and Director on September 1, 2020. Subsequent to July 31, 2020 Mr. Rosen was also appointed Chairman of the Company. Mr. Rosen is a member of the Audit Committee
6. Lisa Capparelli was appointed Director on January 23, 2020.

7. Mark Baynes was appointed Director on January 23, 2020. Mr. Baynes tendered his resignation as Director of the Company on February 15, 2022.
8. Caleb Zobrist was appointed Executive Vice president of the Company on June 5, 2019.
9. Terry Taouss was appointed Director on May, 30, 2019 and Non-Executive Chairman on January 23, 2020. Mr. Taouss ceased to be a Director and Non-Executive Chairman of the Company on January 29, 2021.
10. Brian Farrell was appointed Director on March 15, 2018.
11. D. Richard Skeith was appointed Director on November 23, 2015. Mr. Skeith is a member of the Audit Committee.

### **External Management Companies.**

Except as described under the heading “Employment, Consulting and Management Agreements” below, none of the NEOs or directors of the Company have been retained or employed by an external management company which has entered into an understanding, arrangement or agreement with the Issuer to provide executive management services to the Issuer, directly or indirectly.

### **Stock Options and Other Compensation Securities**

There were no compensation securities granted or issued to each NEO or director by the Issuer or its subsidiaries in the year ended July 31, 2022, for services provided or to be provided, directly or indirectly to the Issuer or any of its subsidiaries.

The following table discloses the total amount of compensation securities held by the NEOs and directors as at the Company’s financial year ended July 31, 2022.

<b>Name and Position</b>	<b>Number of Options</b>	<b>Vesting Provisions</b>
Paul Rosen CEO and Director	10,000,000	n/a
Brian Farrell, CFO and Director	250,000	1/3 of the Optioned Shares on November 9, 2020, 2021 and 2022.
Caleb Zobrist, Executive VP	750,000	1/3 of the Optioned Shares on August 16, 2019, 2020 and 2021.
D. Richard Skeith, Director	250,000	1/3 of the Optioned Shares on November 9, 2020, 2021 and 2022.
Lisa Capparelli, Director	250,000	1/3 of the Optioned Shares on November 9, 2020, 2021 and 2022.

No compensation securities were exercised by the NEO’s or directors for the year ended July 31, 2022.

### **Stock Option Plans and Other Incentive Plans**

The only incentive plan maintained by the Company is the Stock Option Plan.

The Stock Option Plan was approved by the Shareholders at the Company’s annual general meeting held on February 1, 2018.

### **Employment, Consulting and Management Agreements**

Other than as described below, as of the date of this Circular, the Company does not have any employment contracts, agreements or arrangements with the NEO’s and directors to compensate them in the event of their resignation, retirement, termination or in the event of a change of control of the Company.

*Paul Rosen, Chairman, Chief Executive Officer and Director*

The Company entered into an executive employment agreement with Mr. Rosen, as Chief Executive Officer of the Company (the “CEO Agreement”) on June 15, 2020, as amended on June 1, 2021. Under the CEO Agreement, Mr.



Rosen is entitled to (i) an annual salary of CAD\$300,000 per year, as may be adjusted by the Board from time to time (the “**Base Salary**”), (ii) standard benefits made available by the Company to its executives, (iii) reimbursement for all reasonable travelling and other expenses incurred in connection with the executive’s duties, (iv) three (3) weeks paid annual vacation in accordance with the Company’s vacation policy, as may be adjusted by the Company from time to time and (v) participation in the Stock Option Plan, along with an initial option grant to the executive for the right to purchase an aggregate of ten million (10,000,000) Common Shares of the Company at the market price on the date of approval by the Board of Directors, such shares to vest immediately. The Company may at any time without “Just Cause” as that term is defined in the CEO Agreement, terminate the CEO Agreement by paying to Mr. Rosen the amount of the unpaid annual salary owing up to and including the date of termination and all outstanding vacation pay and expense reimbursement (less in each, applicable tax withholdings and deductions). In the event of a change of control, the Company can also terminate the CEO Agreement with Mr. Rosen, within 60 days of such change of control, by providing Mr. Rosen with 30 days’ notice and paying Mr. Rosen the amount of the unpaid annual salary owing up to and including the date of termination and all outstanding vacation pay and expense reimbursement (less in each, applicable tax withholdings and deductions).

#### *Caleb Zobrist, Executive VP and US General Counsel*

The Company, through its wholly-owned subsidiary, 1933 Management Services Inc., a Nevada corporation, entered into an Executive Employment Agreement with Caleb Zobrist (the “VP Agreement”) on June 5, 2019, to provide those services that are normally expected of an Executive Vice President and US General Counsel in consideration of a base annual salary of US\$180,000 per year (payable in 12 month equal installments) and an initial grant of 500,000 incentive stock options (granted). Additionally, if the VP Agreement is terminated by the Company without Cause (as defined in the VP Agreement), or the Executive terminates the VP Agreement following an event constituting Good Reason (as defined in the VP Agreement), provided that it has given notice to the Company of such event within forty-five (45) days of its occurrence and the Company has failed to cure such event within thirty (30) days following receipt of such notice, then Mr. Zobrist will receive a severance payment in an amount equal to twelve (12) month’s salary, payable in one lump sum. Additionally, in the event of a Qualifying Termination (as defined in the VP Agreement) within eighteen (18) months following a Change in Control (as defined in the VP Agreement), during which the VP Agreement was in effect, Mr. Zobrist will receive a severance payment, payable immediately in a lump sum, in an amount equal to twelve (12) month's salary, and if the Company's equity awards are assumed in the Change in Control, accelerated vesting of the number of the then-unvested Company stock option shares.

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

The Board of Directors considers and determines all compensation matters for the NEO’s and directors. The objective of the Company’s compensation arrangements is to compensate the executive officers for their services to the Company at a level that is both in line with the Company’s fiscal resources and competitive with companies at a similar stage of development. The Company has not engaged any external independent consultants with respect to executive compensation nor does the Company assess its compensation through benchmarks or peer groups at this time.

The Company compensates its executive officers based on their skill, qualifications, experience level, level of responsibility involved in their position, the existing stage of development of the Company, the Company’s resources, industry practice and regulatory guidelines regarding executive compensation levels.

At this time, the Company does not have a formal compensation program with specific performance goals or similar conditions.

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy. The stock option plan will continue to be used to provide share-purchase options to executives. The share-purchase options are granted in consideration of the level of responsibility of the executive as well as his or her impact to the longer-term operating performance of the Company. In determining the number of options to be granted to the executive officers, the Board takes into account the number of options, if any, previously granted to each executive officer and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the Canadian Securities Exchange, and closely align the interests of the executive officers with the interests of the Company’s shareholders.

## Pension Disclosure

The Issuer does not have any pension or retirement plan which is applicable to the NEOs or directors. The Issuer has not provided compensation, monetary or otherwise, to any person who now or previously has acted as an NEO of the Issuer, in connection with or related to the retirement, termination or resignation of such person, and the Issuer has provided no compensation to any such person as a result of a change of control of the Issuer.

## Authorized for Issuance under Equity Compensation Plans

The following table sets out details of all the Company's equity compensation plans as of July 31, 2022, being the end of the Company's most recently completed financial year. The Company's equity compensation plan consists of its Stock Option Plan.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans, excluding securities reflected in column (a) (c)</b>
Equity compensation plans approved by security holders	11,800,000	\$0.11	33,266,932
Equity compensation plans not approved by security holders	None	N/A	N/A
<b>TOTAL</b>	11,800,000	\$0.11	33,266,932

Notes:

- (1) As at July 31, 2022, being the Company's last completed financial year, at which time 450,669,319 Common Shares and 11,800,000 Options were issued and outstanding.

## **STATEMENT OF CORPORATE GOVERNANCE**

### **Corporate Governance**

Corporate governance relates to the activities of the Board of Directors (the "Board"), the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. National Policy 58-201 Corporate Governance Guidelines establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 Disclosure of Corporate Governance Practices ("NI 58-101"), the Company is required to disclose its corporate governance practices, as summarized below. The Board of Directors will continue to monitor such practices on an ongoing basis and, when necessary, implement such additional practices as it deems appropriate.

#### Board of Directors

The Board of Directors has responsibility for the stewardship of the Company including 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.

The Board of Directors sets long-term goals and objectives for the Company and formulates the plans and strategies necessary to achieve those objectives and to supervise senior management in their implementation. The Board delegates the responsibility for managing the day-to-day affairs of the Company to senior management but retains a supervisory role in respect of monitoring the Company's officers, who in turn are responsible for maintenance of internal controls and management information systems.

As part of its ongoing review of business operations, the Board of Directors reviews, as frequently as required, the principal risks inherent in the Company's business including financial risks, through periodic reports from management of such risks, and assesses the systems established to manage those risks. Directly and through the audit committee of the Board, the Board also assesses the integrity of internal control over financial reporting and management information systems.

In addition to those matters that must, by law, be approved by the Board of Directors, the Board is required to approve any material dispositions, acquisitions and investments outside the ordinary course of business, long-term strategy, and organizational development plans. Management of the Company is authorized to act without Board approval, on all ordinary course matters relating to the Company's business.

The Board of Directors also monitors the Company's compliance with timely disclosure obligations and reviews material disclosure documents prior to distribution.

The Board of Directors is responsible for the appointment of senior management and monitoring of their performance.

The Board of Directors has not adopted a written mandate or code setting out the foregoing obligations, since it believes it is adequately governed by the requirements of applicable corporate and securities common and statute law which provide that the Board has responsibility for the stewardship of the Company.

The Board of Directors is currently comprised of five directors, two of which are non-independent directors. A director is "independent" if the director has no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgement. The independent members of the Board are D. Richard Skeith, Lisa Capparelli, and Ranson Shepherd. The non-independent directors are Paul Rosen, the Company's CEO and Brian Farrell, the Company's CFO.

The Board believes that it functions independently of management. To enhance its ability to act independent of management, the Board may meet in the absence of members of management and the non-independent directors or may excuse such persons from all or a portion of any meeting where a potential conflict of interest arises or where otherwise appropriate.

### **Other Directorships**

The following table sets out the directors of the Company who are directors of other reporting issuers:

<b>Name of Director</b>	<b>Name of other Reporting Issuer</b>
Paul Rosen	Delic Holdings Corp. Stemcell United Ltd.
D. Richard Skeith	Callitas Health Inc. Ankh Capital Inc. Ankh II Capital Inc.

### **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 functioning of the Board of Directors, committees and copies of the Company's corporate governance policies;
2. Access to recent and historical, publicly filed documents of the Company, management reports and the Company's internal financial information; and
3. Access to management, technical experts and consultants.

Board members are encouraged to communicate with management, auditors 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 Company has adopted a Code of Conflict policy, an Insider Trading policy and a Conflict of Interest policy. In addition, the Company's Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual directors' participation in decisions of the board in which the director has an interest have been sufficient to ensure that the board operates independently of management and in the best interests of the Company. Further, the Company's auditor has full and unrestricted access to the Audit Committee at all times to discuss the audit of the Company's financial statements and any related findings as to the integrity of the financial reporting process.

#### Nomination of Directors

The Company's 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 views and experience.

The Company's Board does not have a nominating committee, and these functions are currently performed by the Company's Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

#### Compensation

The Company does not currently have a Compensation Committee, to determine compensation payable, the independent Directors review compensation paid for directors, officers and senior management of companies of similar size and stage of development and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the Directors and senior management while taking into account the financial and other resources of the Company. In setting the compensation the independent Directors annually review the performance of the officers, and senior management in light of the Company's objectives and consider other factors that may have impacted in the success of the Company in achieving its objectives.

#### Other Board Committees

The Board has no other committees other than the Audit Committee.

#### Assessments

The Board of Directors has not established a formal process to regularly assess the Board and the Audit Committee with respect to their effectiveness and contributions. Nevertheless, their effectiveness is subjectively measured on an ongoing basis by each director based on their assessment of the performance of the Board, the Audit Committee or the individual directors compared to their expectation of performance. In doing so, the contributions of an individual director are informally monitored by the other Board members, bearing in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

#### Diversity on the Board of Directors and among Executive Officers

The Company does not currently have a formal diversity policy in place regarding gender representation on the Board or in executive officer positions. The Company believes in retaining the most qualified candidate for any position irrespective of gender, and recruitment efforts will continue to be governed by the principles set forth below.

The Company does not discriminate on the basis of race, national or ethnic origin, colour, religion, sex, age or mental or physical disability, or any other prohibited grounds of discrimination set forth in applicable federal or provincial law or guidelines. Directors, officers, contractors, consultants and employees are retained on the basis of their background, skills, relevant experience, education and potential to contribute to the success of the Company. In addition, candidates for Board membership are evaluated based upon their independence, qualifications to act as directors and other qualities which the board as a whole feels are appropriate to assist it in operating in an effective manner, with due regard for the benefits of diversity. Taken together, these diverse skills and backgrounds help to

create a business environment that encourages a range of perspectives and fosters excellence in corporate governance, including the creation of shareholder value. Candidates for Board membership who are selected for nomination by the Board (or any committee of the Board established for such purpose from time to time) based on the foregoing criteria will be presented to shareholders for consideration without discrimination.

### **Audit Committee Disclosure**

Pursuant to section 224(1) of the Business Corporations Act (British Columbia), the policies of the CSE and National Instrument 52-110 Audit Committees (“NI 52-110”), the Company is required to have an Audit Committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company. NI 52-110 requires the Company, as a venture issuer, to make certain disclosure concerning the constitution of its Audit Committee and its relationship with its independent auditor. The Audit Committee Charter is attached to this Information Circular as Schedule “A”.

#### Composition of the Audit Committee

The following are the members of the Committee:

Paul Rosen	Non-Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
D. Richard Skeith	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
Ranson Shepherd	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>

1. As defined in NI 52-110.

#### Relevant Education and Experience

**Paul Rosen** Over the last 8 years Paul has become one of the most active entrepreneurs, advisors and investors in the emerging global cannabis industry. Paul Rosen was a co-founder of PharmaCan Capital Corp. (NASDAQ: CRON; TSX: CRON) and served as its first President and CEO. Paul has held board positions with a number of publicly-traded cannabis companies and currently serves as the Executive Chairman of Global Go, a consultancy focused on the global regulated cannabis industry. Paul is a member of the Law Society of Upper Canada and received a B.A. in Economics from Western University in 1985 and an LL.B. from the University of Toronto in 1988.

**D. Richard Skeith** is a securities lawyer who has served on various audit committees and obtained financial experience and exposure to accounting and financial issues through his legal professional activities.

**Ranson Shepherd** is a self-employed businessman who has been in the cannabis and hemp industries for several years. Mr. Shepherd applies cannabis business modeling and progressive tactics to further advance the industrialization of the industry. Mr. Shepherd brings enterprise level proficiency in developing and executing strategies for operating and scaling businesses, by providing process and data driven management, planning, and business development solutions.

#### Audit Committee Oversight

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

#### Reliance on Certain Exemptions

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

#### External Auditor Service Fees (By Category)

Aggregate fees paid to the Auditor during the financial years ended July 31, 2022 and 2021 were as follows:

Financial Year Ended	Audit Fees	Audit Related Fees <sup>1</sup>	Tax Fees <sup>2</sup>	All Other Fees <sup>3</sup>
2022	\$225,278	\$Nil	\$66,250	\$Nil
2021	\$257,612	\$Nil	\$102,845	\$Nil

**Notes:**

1. Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".
2. Fees charged (or estimated charges) for tax compliance, tax advice and tax planning services.
3. Fees for services other than disclosed in any other column.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### A. Financial Statements

The shareholders will receive and consider the audited financial statements of the Company for the fiscal year ended July 31, 202 together with the auditor's report thereon. A copy of the financial statements is available for review on [www.sedar.com](http://www.sedar.com).

### B. Election of Directors

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the *British Columbia Business Corporations Act*, each director elected will hold office until the conclusion of the next annual general meeting of the Company.

Management is proposing to fix the number for which positions exist on the Company's board at five (5).

The following table sets out the names of management's nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment for the five preceding years for new director nominees, the period of time during which each has been a director of the Company and the number of Common Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the date of this Information Circular.

Name of Nominee, Current Position with Company, Province and Country of Residence	Principal Occupation	Period From Which Nominee Has Been Director	Number of Approximate Voting Securities <sup>(1)</sup>
<b>Paul Rosen</b> Chief Executive Officer, and Director Toronto, Canada	CEO of 1933 Industries Inc.	September 1, 2020	13,465,541 <sup>(3)</sup>
<b>Brian Farrell<sup>(2)</sup></b> CFO and Director Alberta, Canada	CPA CA, Brian Farrell Professional Corporation	March 15, 2018	2,926,000
<b>D. Richard Skeith<sup>(2)</sup></b> Director Alberta, Canada	Partner at Dentons Canada LLP; Previously Partner at Norton Rose Fulbright Canada LLP (formerly Macleod Dixon LLP) since 1995	November 23, 2015	7,374,900 <sup>(4)</sup>
<b>Lisa Capparelli</b> Director New York, USA	Owner, LC Global Communications 2014 – present; Consultant, Revlon Global Marketing 2017-2018; L'Oreal USA, SVP/VP Integrated Marketing Communications 2004-2014	January 23, 2020	Nil
<b>Ranson Shepherd</b> Director Las Vegas, USA	Self-Employed Businessman	February 15, 2022	Nil

**Notes:**

1. Voting securities beneficially owned, directly or indirectly, or over which control or direction is exercised.
2. Member of Audit Committee.

3. Of these shares 9,777,000 are owned by Edan Dean Consulting Inc. for which Mr. Rosen has direction and control over.
4. Of these shares 5,300,000 are owned by D.R. Skeith Professional Corp. for which Mr. Skeith has direction and control over.

The Company does not have an Executive Committee. The Board has established an Audit Committee, details of which are provided under the heading “Statement of Corporate Governance”.

Management does not contemplate that any of the nominees will be unable to serve as a director. However, if a nominee should be unable to so serve for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. **The persons named in the enclosed form of proxy intend to vote for the election of all of the nominees whose names are set forth above.**

Except as noted below, as at the date of this Information Circular and within the ten years before the date of this Information Circular, no proposed director:

- (a) is or has been a director or executive officer of any Company (including the Company), that while that person was acting in that capacity:
  - i. was the subject of a cease-trade order or similar order or an order that denied the relevant Company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
  - ii. was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the Company being the subject of a cease trade or similar order or an order that denied the relevant Company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
  - iii. 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
- (b) has within 10 years before the date of the Information Circular become 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 the assets of the director, officers or shareholders.

Rick Skeith was a director of Leader Energy Services Ltd. (“Leader Energy”), which company announced that it filed a Notice of Intention to File a Proposal in accordance with 50.4(1) of the Bankruptcy and Insolvency Act. Pursuant to the filing, Leader Energy received creditor protection. Mr. Skeith resigned as a director of Leader Energy on February 17, 2015. Additionally, Mr. Skeith is an outside director of Callitas Health Inc. which company is currently subject to a cease trade order for failing to file current financial information.

### **C. Appointment of Auditor**

Management recommends the re-appointment of MNP LLP, Chartered Professional Accountants, the present auditor, as the auditor of the Company to hold office until the close of the next annual meeting of the shareholders.

**Shares represented by proxies in favour of the management nominees will be voted in favour of the appointment of MNP LLP, Chartered Professional Accountants, as auditor of the Company and authorizing the Board to fix the auditor’s remuneration, unless a shareholder has specified in his proxy that his shares are to be withheld from voting on the appointment of auditor.**

### **DOCUMENTS INCORPORATED BY REFERENCE**

The following documents filed with the securities commissions or similar regulatory authorities in British Columbia, Alberta, Saskatchewan and Ontario are specifically incorporated by reference into, and form an integral part of, this information circular:

- Audited Annual Financial Statements for the year ended July 31, 2022; and
- Annual Management's Discussion and Analysis for the year ended July 31, 2022.

Copies of the documents incorporated herein by reference may be obtained by a shareholder upon request without charge from the Company at Suite 300, 1055 W. Hastings Street, Vancouver, BC, V6E 2E9. These documents are also available through the internet on SEDAR, which can be accessed at [www.sedar.com](http://www.sedar.com).

#### **OTHER MATTERS**

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

The contents of this Information Circular and its distribution to shareholders have been approved by the Board of the Company.

**DATED** at Vancouver, British Columbia, March 24, 2023.

**BY ORDER OF THE BOARD**

*/s/ "Paul Rosen"*

**Paul Rosen, Chief Executive Officer**



## **SCHEDULE "A"**

The Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of 1933 Industries Inc. (the "**Corporation**") shall have the oversight responsibility, authority and specific duties as described below.

### ***Composition***

The Committee will be comprised of two or more directors as determined by the Board. Each Committee member shall, to the extent possible, satisfy the independence, financial literacy and experience requirements of applicable securities laws and rules, any applicable stock exchange requirements and any other applicable regulatory rules. Determinations as to whether a particular director satisfies the requirements for membership on the Committee shall be made by the full Board.

Members of the Committee shall be appointed by the Board. Each member shall serve until his or her successor is appointed, unless he or she shall resign or be removed by the Board or he or she shall otherwise cease to be a director of the Corporation. The Board shall fill any vacancy if the membership of the Committee is less than two directors.

The Chair of the Committee may be designated by the Board or, if it does not do so, the members of the Committee may elect a Chair by vote of a majority of the full Committee membership.

### ***Communication, Authority to Engage Advisors and Expenses***

The Committee shall have access to such officers and employees of the Corporation, the Corporation's external auditor and to such information respecting the Corporation, as it considers to be necessary or advisable in order to perform its duties and responsibilities.

The Committee provides an avenue for communication, particularly for outside directors, with the external auditor, on the one hand, and senior management and the Board, on the other hand. The external auditor shall have a direct line of communication to the Committee through its Chair and shall report directly to the Committee. The Committee, through its Chair, may contact directly any employee of the Corporation, and any employee may bring before the Committee, on a confidential basis, any matter involving the Corporation's financial practices or transactions.

The Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set the compensation for any such counsel and advisors. Any engagement of independent counsel or other advisors is to be at the Corporation's expense.

The Corporation shall be responsible for all expenses of the Committee that are deemed necessary or appropriate by the Committee in carrying out its duties.

### ***Meetings and Record Keeping***

Meetings of the Committee shall be conducted as follows:

1. the Committee shall meet at least four times annually at such times and at such locations as the Chair of the Committee shall determine, provided that meetings shall be scheduled so as to permit timely review of the quarterly and annual financial statements and reports. The external auditor or any two members of the Committee may also request a meeting of the Committee;
2. the quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or by other telecommunication device that permits all persons participating in the meeting to hear each other;
3. if the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting;
4. the Chair shall, in consultation with the President and Chief Executive Officer and management and in consultation with the auditor, establish the agenda for the meetings and instruct management to ensure that properly prepared agenda materials are circulated to the Committee;

5. every question at a Committee meeting shall, if necessary, be decided by a majority of the votes cast;
6. the President and Chief Executive Officer and the Chief Financial Officer shall be available to advise the Committee, shall receive notice of meetings and may attend meetings of the Committee at the invitation of the Chair of the Committee. Other management representatives may be invited to attend as necessary; and
7. the Corporate Secretary or, in the absence of the Corporate Secretary, a Committee member or any other person selected by the Committee, shall act as secretary for the purpose of recording the minutes of each meeting.

The Committee shall provide the Board with a summary of all meetings together with a copy of the minutes from such meetings. Where minutes have not yet been prepared, the Chair shall provide the Board with oral reports on the activities of the Committee. All information reviewed and discussed by the Committee at any meeting shall be referred to in the minutes and made available for examination by the Board upon request to the Chair.

### ***Responsibilities***

The Committee is part of the Board. Its primary functions are to assist the Board in fulfilling its oversight responsibilities with respect to: (i) the oversight, review and approval of the financial statements and the accounting and financial reporting processes of the Corporation; (ii) the assessment of the system of internal controls that management has established; and (iii) the external audit process. In addition, the Committee shall assist the Board, as requested, in fulfilling its oversight responsibilities with respect to (i) financial policies and strategies; (ii) financial risk management practices; and (iii) transactions or circumstances which could materially affect the financial profile of the Corporation.

The Committee shall be directly responsible, in its capacity as a committee of the Board, for recommending the external auditor, approving the compensation and retention of the external auditor and overseeing the work of the external auditor and the relationship of the external auditor with the Corporation (including the resolution of disagreements between management and the external auditor regarding financial reporting).

The Committee should have a clear understanding with the independent auditor that they must maintain an open and transparent relationship with the Committee, and that the ultimate accountability of the independent auditor is to the shareholders of the Corporation.

### ***Specific Duties***

#### ***A. Relationship with External Auditor***

The Committee shall:

1. consider and make a recommendation to the Board as to the appointment or re-appointment of the external auditor;
2. consider and make a recommendation to the Board as to the compensation of the external auditor which is to be paid by the Corporation;
3. oversee the work of the external auditor in performing their audit or review services, and oversee the resolution of any disagreements between management of the Corporation and the external auditor;
4. review and discuss with the external auditor all significant relationships that the external auditor and its affiliates have with the Corporation and its affiliates in order to determine the external auditor's independence, including, without limitation:
  - (a) requesting, receiving and reviewing, on a periodic basis, a formal written statement from the external auditor delineating all relationships that may reasonably be thought to bear on the independence of the external auditor with respect to the Corporation;

- (b) discussing with the external auditor any disclosed relationships or services that may impact the objectivity and independence of the external auditor; and
  - (c) recommending that the Board take appropriate action in response to the external auditor's report to satisfy itself of the external auditor's independence;
5. review and discuss the audit plan of the external auditor with the external auditor, including the staffing thereof, prior to the commencement of the audit;
  6. as may be required by applicable securities laws, rules and guidelines, either:
    - (a) pre-approve all non-audit services to be provided by the external auditor to the Corporation (and its subsidiaries, if any), or, in the case of *de minimus* non-audit services, approve such non-audit services prior to the completion of the auditor;
    - (b) adopt specific policies and procedures for the engagement of the external auditor for the purposes of the provision of non-audit services; and
  7. review and approve the hiring policies of the Corporation regarding partners and employees and former partners and employees of the present and former external auditor of the Corporation.

**B. Financial Statements and Financial Reporting**

The Committee shall:

1. review with management and the external auditor, and recommend to the Board for approval, the annual financial statements of the Corporation and related financial reporting, including management's discussion and analysis and earnings press releases. In particular, the Committee's review of such financial statements should include, but not be limited to:
  - (a) reviewing changes in accounting principles, or in their application, which may have a material effect on the current or future years' financial statements;
  - (b) reviewing significant accruals, reserves or other estimates;
  - (c) reviewing the accounting treatment of unusual or non-recurring transactions; and
  - (d) reviewing disclosure requirements for commitments and contingencies;
2. upon completion of each audit, review with the external auditor the results of such audit. This process should include but not be limited to:
  - (a) reviewing the scope and quality of the audit work performed;
  - (b) reviewing the capability of the Corporation's financial personnel;
  - (c) reviewing the co-operation received from the Corporation's financial personnel during the audit;
  - (d) reviewing the internal resources used;
  - (e) reviewing significant transactions outside of the normal business of the Corporation; and
  - (f) reviewing significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems;
3. review with management, and recommend to the Board for approval, the interim financial statements of the Corporation and related financial reporting, including management's discussion and analysis and earnings press releases;

4. review with management and recommend to the Board for approval, any financial statements of the Corporation which have not previously been approved by the Board and which are to be included in a prospectus or other public disclosure document of the Corporation;
5. consider and be satisfied that adequate policies and procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements (other than public disclosure referred to in clauses B.1 and B.3 above), and periodically assess the adequacy of such procedures;
6. review with management, the external auditor and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Corporation, and the manner in which these matters may be, or have been, disclosed in the financial statements; and
7. review accounting, tax, legal and financial aspects of the operations of the Corporation as the Committee considers appropriate.

**C. Internal Controls**

The Committee shall review with management and the external auditor, the adequacy and effectiveness of the internal control and management information systems and procedures of the Corporation (with particular attention given to accounting, financial statements and financial reporting matters) and determine whether the Corporation is in compliance with applicable legal and regulatory requirements and with the Corporation's policies.

**D. Financial Risk Management**

The Committee may, if requested:

1. review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those relating to insurance, accounting, management reporting and risk management;
2. review with management and the external auditor their assessment of the significant financial risks and exposures of the Corporation and discuss with management the steps which the Corporation has taken to monitor and control such exposures;
3. review current and expected future compliance with covenants under any financing agreements;
4. review the activities of the Corporation's marketing group and the financial risks arising from such activities;
5. review the insurance program including coverage for such things as business interruption, general liabilities, and directors and officers liability;
6. review any other significant financial exposures including such things as tax audits, government audits or any other activities that expose the Corporation to the risk of a material financial loss;
7. report the results of such reviews to the Board for the purpose of assisting the Board in identifying the principal business risks associated with the businesses of the Corporation; and
8. review the appropriateness of the policies and procedures used in the preparation of the Corporation's financial statements and other required disclosure documents, and consider recommendations for any material change to such policies.

**E. Procedure For Complaints and Employee Submissions**

The Committee shall establish procedures for: (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential,

anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

*Approval*

This Audit Committee Terms of Reference has been approved and adopted by the Board effective March 14, 2008.