

E. S. I. Environmental Sensors Inc.

2071C Malaview Avenue West,
Sidney, BC, V8L 5X6

INFORMATION CIRCULAR

(as at December 1, 2015 except as otherwise indicated)

SOLICITATION OF PROXIES

This information circular (the "Circular") is provided in connection with the solicitation of proxies by the management of E. S. I. Environmental Sensors Inc. (the "Company"). The form of proxy which accompanies this Circular (the "Proxy") is for use at the annual general meeting of the shareholders of the Company to be held on Wednesday, December 30, 2015 (the "Meeting"), at the time and place set out in the accompanying notice of meeting (the "Notice of Meeting"). The Company will bear the cost of this solicitation. The solicitation will be made by mail or a form of electronic delivery, but may also be made by telephone.

APPOINTMENT AND REVOCATION OF PROXY

The person named in the Proxy is a director and officer of the Company. **A registered shareholder who wishes to appoint some other person to serve as their representative at the Meeting may do so by striking out the printed name and inserting the desired person's name in the blank space provided.** The completed Proxy should be delivered to E. S. I. Environmental Sensors Inc. by 1:30 p.m. Pacific Daylight Time on Monday, December 28, 2015 (or before 48 hours, excluding Saturdays, Sundays and holidays, before any adjournment of the Meeting at which the Proxy is to be used).

The Proxy may be revoked by:

- (a) signing a proxy with a later date and delivering it at the time and place noted above;
- (b) signing and dating a written notice of revocation and delivering it at the time and to the place noted above; or
- (c) attending the Meeting or any adjournment of the Meeting and registering with the scrutineer as a shareholder present in person.

Provisions Relating to Voting of Proxies

The shares represented by proxy in the enclosed form will be voted or withheld from voting by the designated holder in accordance with the direction of the registered shareholder appointing him. If there is no direction by the registered shareholder, those shares will be voted for all proposals set out in the Proxy and for the election of directors and the appointment of the auditors as set out in this Circular. The Proxy gives the person named in it the discretion to vote as such person sees fit on any amendments or variations to matters identified in the Notice of Meeting, or any other matters which may properly come before the Meeting. At the time of printing of this Circular, the management of the Company knows of no other matters which may come before the Meeting other than those referred to in the Notice of Meeting.

Non-Registered Holders

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most 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. A person is not a registered shareholder (a “Non-Registered Holder”) in respect of shares which are held either: (a) in the name of an intermediary (an “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 (“CDS”)), of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Circular and the Proxy (collectively, 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.

Intermediaries will frequently use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials 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 as to the number of shares beneficially owned by the Non-Registered Holder and must be completed, but not signed, by the Non-Registered Holder and deposited with Computershare Investor Services Inc. (“Computershare”); or
- (b) more typically, 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 which the Intermediary must follow.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the shares which they beneficially own. **Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the Management proxyholder named in the form and insert the Non-Registered Holder’s name in the blank space provided. Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the Proxy or proxy authorization form is to be delivered.**

Financial Statements

The audited annual financial statements of the Company for the years ended March 31, 2015 and 2014, together with the auditor’s reports on those statements (the “Financial Statements”), will be presented to the shareholders at the Meeting. The Financial Statements are available online at www.sedar.com.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at the date of the accompanying Notice of Meeting, the Company's authorized capital consists of unlimited common shares without par value and unlimited Preference shares with par value of \$1.00 each, of which **191,467,509** common shares are issued and outstanding. All common shares in the capital of the Company carry the right to one vote.

Shareholders registered as at **Wednesday, November 23, 2015**, are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, the following persons beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the issued and outstanding common shares of the Company:

Member	Number of Shares	Percentage of Issued Capital
CDS ⁽¹⁾	155,602,528	81.27%
Avis Financial Corporation ⁽²⁾	118,925,380	62.11%

(1) CDS is a depository service company. The beneficial owners of common shares held by depositories are generally not known to the directors or executive officers of the Company.

(2) Avis Financial Corporation is the beneficial owner of 118,925,380 common shares held indirectly through CDS.

As at Wednesday, November 23, 2015 (the record date), the total number of common shares owned or controlled by management and the directors of the Company and their associates or affiliates was 14,120 common shares, representing 0.0074% of the total issued and outstanding common shares. It should be noted that one of the directors of the Company, Stephan Radermacher, is also an officer of Avis Financial Corporation which controls 62.11% of the Company.

ELECTION OF DIRECTORS

The directors of the Company are elected annually and hold office until the next annual general meeting of the shareholders or until their successors are elected or appointed. In the absence of instructions to the contrary, Proxies given pursuant to the solicitation by the management of the Company will be voted for the nominees listed in this Circular. Management does not contemplate that any of the nominees will be unable to serve as a director. The number of directors currently on the board of directors of the Company is three (3).

The following table sets out the names of the nominees for election as directors, the offices they hold within the Company, their occupations, the length of time they have served as directors of the Company, and the number of shares of the Company and its subsidiaries which each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the date of this Circular:

Name, province or state and country of residence and positions, current and former, if any, held in the Company	Principal occupation for last five years	Served as director since	Number of common shares owned ⁽¹⁾
Stephan Radermacher ^{(2) (3)} Chairman and Director <i>Zurich, Switzerland</i>	COO Avis Financial Corporation. Managing Partner, Matrixs (a Swiss management consultancy). CFO of HDW (international shipyard group).	April 2011	Nil
Johan Grandin ^{(2) (3)} Director <i>British Columbia, Canada</i>	Director and CEO of Adroit Resources, Inc. Independent consultant and former associate of private corporate finance company.	April 2011	1,620
Matteo Beffa ^{(2) (3)} Director <i>Zurich, Switzerland</i>	President / CEO of private company focussed on distribution of landscape, agriculture, and irrigation equipment for green areas.	Nov 2011	Nil

- (1) Common shares beneficially owned, directly or indirectly, or controlled or directed. The information as to common shares beneficially owned or controlled has been provided by the directors themselves.
- (2) Proposed member of the Company's audit committee.
- (3) Proposed member of the Compensation Committee.

Corporate Cease Trade Orders or Bankruptcies

No director or proposed director of the Company is, or within the ten years prior to the date of this Circular has been, a director or executive officer of any company, that while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director ceased to be a director or executive officer of the company being 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; or
- (c) 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,

Individual Bankruptcies

No director or proposed director of the Company has, within the ten years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been 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 that individual.

EXECUTIVE COMPENSATION

Named Executive Officers

Summary of Compensation

During the fiscal year ended March 31, 2015 there was one Named Executive Officer of the Company. Stephan Radermacher is the CEO of the Company (as well as Chairman of the Board of Directors).

“Named Executive Officer” means (a) each Chief Executive Officer, (b) each Chief Financial Officer, (c) each of the Company’s three most highly compensated executive officers, other than the Chief Executive Officer and Chief Financial Officer, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus exceeds \$150,000, and (d) any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year-end.

Set out below is a summary of compensation paid during the Company’s three most recently completed financial years to the Company’s Named Executive Officers:

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Share based awards (\$)	Option-based awards (\$)	Non-equity incentive Plan contribution (\$)		Pension Value (\$)	All Other Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans		
Stephan Radermacher <i>CEO⁽¹⁾</i>	2015	nil	nil	nil	nil	nil	nil	nil
	2014	nil	nil	nil	nil	nil	nil	nil

(1) Mr. Radermacher began serving as CEO of the Company effective December 1, 2013.

Long-Term Incentive Plan Awards

Long term incentive plan awards (“LTIP”) means “a plan providing compensation intended to motivate performance over a period greater than one financial year”. LTIP awards do not include option or SAR plans or plans for compensation through shares or units that are subject to restrictions on resale. No LTIP awards were made to the Named Executive Officers during the most recently completed financial year.

Options and Stock Appreciation Rights (SARs)

The Company has implemented a fixed stock option plan which was adopted by the shareholders at an annual general meeting of the Company held on September 29, 2010. Under the Plan, the board of directors is authorized to grant incentive stock options to certain directors, senior officers, employees and consultants of the Company entitling them to purchase common shares. The stock option plan is administered by the Company’s Secretary at the direction of the board of directors.

No stock options were granted to officers and directors during the most recent fiscal year. No stock options were exercised by any Named Executive Officers during the most recently completed fiscal year. No stock options were re-priced during the most recently completed financial year.

Termination of Employment, Change in Responsibilities and Employment Contracts

Other than as described above, the Company and its subsidiaries have no compensatory plan, contract or arrangement where a current Named Executive Officer is entitled to receive more than \$100,000 (including periodic payments or instalments) to compensate such current executive officers in the event of resignation, retirement or other termination of the current Named Executive Officer's employment with the Company or its subsidiaries, a change of control of the Company or its subsidiaries, or a change in responsibilities of the current Named Executive Officers following a change in control.

Compensation Discussion and Analysis

The Corporation is a Tier 2, venture issuer in accordance with the policies of the TSX Venture Exchange ("the Exchange").

The Named Executive Officers are compensated for their services as executive officers of the Corporation in the manner outlined above, and they may also be granted incentive stock options from time to time in accordance with the policies of the Exchange. The Corporation has not granted any stock options during its most recently completed fiscal year ended March 31, 2015 to Named Executive Officers. The Corporation may grant options at a later date for the purpose of assisting the Corporation in compensating, attracting, retaining and motivating its Named Executive Officers and to closely align the personal interests of such person to that of the shareholders.

The Board of Directors has the responsibility to administer compensation policies related to executive management of the Corporation, including option-based awards. The Board recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive's level of responsibility.

Compensation of Directors

Other than compensation paid to the Named Executive Officer, or as otherwise disclosed in this information circular, no other compensation was paid to directors in their capacity as directors of the Company or its subsidiaries, in their capacity as members of a committee of the board of directors of the Company or its subsidiaries, or as consultants or experts, during the Company's most recently completed financial year.

EQUITY COMPENSATION PLAN INFORMATION

The Company has no equity compensation plan other than the Company's stock option plan.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the current or former directors, executive officers, employees of the Company or its subsidiaries, the proposed nominees for election to the board of directors of the Company, or their respective associates or affiliates, are or have been indebted to the Company or its subsidiaries since the beginning of the last completed financial year of the Company.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

It is fully disclosed that Mr. Stephan Radermacher, Chairman and Director of the Company, is also an Executive Officer of Avis Financial Corporation, the Company's majority shareholder. No other director

or executive officer of the Company or any proposed nominee of management of the Company for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, since the beginning of the Company's last financial year in matters to be acted upon at the Meeting, other than the election of directors or the appointment of auditors.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set out below and elsewhere in this Circular, none of the persons who were directors or executive officers of the Company or a subsidiary of the Company at any time during the Company's last financial year, the proposed nominees for election to the board of directors of the Company, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Company, nor any associate or affiliate of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

No management functions of the Company or its subsidiaries are to any substantial degree performed by a person or company other than the directors or executive officers of the Company or its subsidiaries. The Company and Avis Financial Corporation intend to enter into a contract for consulting services, which includes the services of Mr. Stephan Radermacher as CEO. This contract has been submitted to and was accepted by the TSX Venture Exchange.

APPOINTMENT OF AUDITOR

Auditor

The management of the Company intends to nominate KPMG, LLP, Chartered Accountants, for re-appointment as auditor of the Company. Forms of proxy given pursuant to the solicitation by the management of the Company will, on any poll, be voted as directed and, if there is no direction, for the re-appointment of KPMG, LLP, Chartered Accountants, as auditor of the Company to hold office until the close of the next annual general meeting of the Company, at a remuneration to be fixed by the directors. KPMG, LLP, Chartered Accountants, was first appointed as auditor of the Company in 1996.

AUDIT COMMITTEE

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. The Company's current audit committee consists of Stephan Radermacher, Matteo Beffa and Johan Grandin – both Mr. Grandin and Mr. Beffa are considered “independent directors”.

Audit Committee Charter

The text of the audit committee's charter is attached as Schedule “A” to this Circular.

Composition of Audit Committee and Independence

National Instrument 52-110 *Audit Committees*, (“NI 52-110”) provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with the Company, which could, in the view of the Company’s board of directors, reasonably interfere with the exercise of the member’s independent judgment.

The majority of the members of the audit committee of the Company are independent, as that term is defined.

Relevant Education and Experience

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

All of the members of the Company’s audit committee are financially literate as that term is defined.

Audit Committee Oversight

Since the commencement of the Company’s most recently completed financial year, the audit committee of the Company has not made any recommendations to nominate or compensate an external auditor which were not adopted by the board of directors of the Company.

Reliance on Certain Exemptions

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

- (a) the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110; or
- (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*).

Pre-Approval Policies and Procedures

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

Audit Fees

The following table sets forth the fees paid by the Company to KMPG LLP, Chartered Accountants for audit fees and services rendered in the last two fiscal years:

	2015	2014
Audit fees	\$ 45,000	\$ 45,000
Audit-related fees ⁽¹⁾	Nil	Nil
All other fees	Nil	\$ Nil
Total	\$ 45,000	\$ 45,000

(1) Fees related to audit process.

Exemption in Section 6.1

The Company is a “venture issuer” as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

CORPORATE GOVERNANCE

The Company’s Board of Directors (the “Board”) is engaged in an ongoing review of the Company’s corporate governance practices. The Board considers good corporate governance to be central to the effective and efficient operation of the Company. While the National Policy 58-201 guidelines are not requirements, but rather recommendations, the intention of the Board is to refine the Company’s practices in order to substantially align them with all applicable corporate governance guidelines. The Board believes that a flexible approach to corporate governance practices is important in order to allow the Company to adopt a governance framework best suited for the Company. The following highlights some of the key points with respect to the Board’s view on Corporate Governance in consideration of the guidelines established by National Policy 58-201.

- The Board is responsible for formulating and implementing corporate policies and generally oversees the business affairs of the Company. The Board meets at least four times during the year to review ongoing business of the Company. The Board also meets when matters arise that require consideration prior to the next regularly scheduled meeting.
- Each year, the Board considers the strategic direction of the Company, including corporate goals and objectives and the allocation of capital and other resources.
- The Board considers principal risks and risk management systems on an ongoing basis.
- The Board monitors senior management through regular contact with executive directors and other members of the management team. Succession planning issues are addressed as they arise.
- The Board reviews and approves the contents of the Company’s principal disclosure documents, including the Annual Report, MD&A and Information Circular. Shareholder communications are currently administered by the Chief Operating Officer of the Company, and are reviewed and approved by the Board.
- Management is responsible for implementing internal controls and management information systems, the integrity of which is monitored by the Audit Committee. The unrelated directors that sit on the Audit Committee meet with the Company’s external auditors at least on an annual basis to provide input with respect to the Company’s internal controls.
- The Board is currently comprised of three members.
- Stephan Radermacher is currently considered to be a related director due to his role as COO of Avis Financial Corporation. The remaining directors of the Company are considered to be unrelated directors as they are independent of management of the Company and are not subject to influence by any particular shareholder of the Company.

- The Company expects to have a compensation committee.
- The effectiveness of the Board, committees of the Board and individual directors is assessed by the Board, under the direction of the Chairman, as applicable.
- The Chairman and senior management provide orientation and education for new Board members through interviews, orientation meetings and tours of the Company's facilities.
- While the effectiveness of the Board is assessed by the Board, under the direction of the Chairman, at present it is intended that the size of the Board will remain relatively small in order to maintain its efficiency and effectiveness.
- The Compensation Committee is responsible for reviewing the compensation of the President / CEO, other executives, and directors in light of risks and responsibilities.
- Two of the three members of the Audit Committee are non-management directors.
- The Board is responsible for the Company's approach to corporate governance issues. The Board draws upon the expertise of the Company's external auditors and corporate legal counsel with respect to corporate governance matters.
- The Board has the general responsibility to supervise the management of the affairs and business the Company. The responsibility of the Chief Executive Officer of the Company is to implement the corporate policies and objectives of the Company as determined by the Board.
- The performance of the Executive Officers of the Company is reviewed by the Board annually.
- As the Company grows and develops, the Board will continue to work towards establishing structures and procedures to enable the Board to function more independently of management.
- The Audit Committee has a specific function which includes reviewing and making recommendations to the Board with respect to the annual and interim financial statements of the Company. The Audit Committee meets with the auditors of the Company to facilitate the execution of their audit mandate.
- All members of the Audit Committee are non-management directors.

PARTICULARS OF MATTERS TO BE ACTED UPON

General Matters

It is not known whether any other matters will come before the Meeting other than those set forth in the Notice of Meeting, but if any other matters do arise, the person named in the Proxy intends to vote on any poll, in accordance with his or her best judgement, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment of the Meeting.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Financial information about the Company is provided by the Company's comparative annual financial statements for the years ended March 31, 2015 and 2014. Additional financial information concerning the Company may be obtained by any security holder of the Company free of charge by contacting the Company at 1-800-799-6324.

BOARD APPROVAL

The contents of this Circular have been approved and its mailing authorized by the directors of the Company.

DATED at Victoria, British Columbia, the 1st day of December, 2015.

ON BEHALF OF THE BOARD

"Stephan Radermacher"

Stephan Radermacher,
Chairman of the Board

SCHEDULE “A”

E.S.I. ENVIRONMENTAL SENSORS INC. (the “Company”)

AUDIT COMMITTEE CHARTER

The audit committee is a committee of the board of directors to which the board delegates its responsibilities for the oversight of the accounting and financial reporting process and financial statement audits.

The audit committee will:

- (a) review and report to the board of directors of the Company on the following before they are published:
 - (i) the financial statements and MD&A (management discussion and analysis) (as defined in National Instrument 51-102) of the Company,
 - (ii) the auditor’s report, if any, prepared in relation to those financial statements;
- (b) review the Company’s annual and interim earnings press releases before the Company publicly discloses this information;
- (c) satisfy itself that adequate procedures are in place for the review of the Company’s public disclosure of financial information extracted or derived from the Company’s financial statements and periodically assess the adequacy of those procedures;
- (d) recommend to the board of directors:
 - (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, and
 - (ii) the compensation of the external auditor;
- (e) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (f) monitor, evaluate and report to the board of directors on the integrity of the financial reporting process and the system of internal controls that management and the board of directors have established;
- (g) monitor the management of the principal risks that could impact the financial reporting of the Company;

- (h) establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and
 - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (i) pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor;
- (j) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company; and
- (k) with respect to ensuring the integrity of disclosure controls and internal controls over financial reporting, understand the process utilized by the Chief Executive Officer and Chief Financial Officer to comply with Multilateral Instrument 52-109.

Composition of the Committee

The committee will be composed of three directors from the Company's board of directors, a majority of whom are independent as defined by Multilateral Instrument 52-110 *Audit Committees* of the Company or an affiliate of the Company.

All members of the committee will be financially literate as defined by applicable legislation. If, upon appointment, a member of the committee is not financially literate as required, the person will be provided a three month period in which to achieve the required level of literacy.

Authority

The committee has the authority to engage independent counsel and other advisors as it deems necessary to carry out its duties and the committee will set the compensation for such advisors.

The committee has the authority to communicate directly with and to meet with the external auditors and the internal auditor, without management involvement. This extends to requiring the external auditor to report directly to the committee.

Reporting

The reporting obligations of the committee will include:

1. reporting to the board of directors on the proceedings of each committee meeting and on the committee's recommendations at the next regularly scheduled directors' meeting; and
2. reviewing, and reporting to the board of directors on its concurrence with, the disclosure required by Form 52-110F2 in any management information circular prepared by the Company.