



18 Mowat Avenue, Toronto, Ontario, Canada M6K 3E8  
Tel: 416-534-0607 Fax: 416-534-9427  
www.yangaroo.com

## **NOTICE OF THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the annual and special meeting of the shareholders (the “Meeting”) of YANGAROO Inc. (the “Corporation”) will be held at 18 Mowat Avenue, Toronto, Ontario on August 15, 2013 commencing at 4:00 PM (EST) for the following purposes:

1. to receive and consider the audited financial statements of the Corporation for the year ended December 31, 2012, together with the report of the auditors thereon;
2. to elect directors;
3. to appoint Collins Barrow Toronto LLP as auditors of the Corporation and to authorize the directors to fix the auditor's remuneration;
4. to consider, and if deemed advisable, pass with or without variation, a resolution of shareholders ratifying the Corporation’s shareholder rights plan;
5. to consider, and if deemed advisable, pass with or without variation, a resolution of shareholders confirming an amendment to By-Law No. 1 of the Corporation to add an advance notice requirement for the nomination of directors by shareholders in certain circumstances;
6. to consider, and if deemed advisable, pass with or without variation, a resolution of shareholders confirming an amendment to By-Law No. 1 of the Corporation to enable notices, communications and documents to be distributed to shareholders in accordance with notice-and-access rules recently adopted by securities regulators;
7. to consider, and if deemed advisable, pass with or without variation, a resolution of shareholders ratifying the Corporation’s amended stock option plan;
8. to consider, and if deemed advisable, pass with or without variation, a resolution of shareholders ratifying the proposed share consolidation, on the same terms on which had been previously approved but not yet effected; and
9. to transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Accompanying this notice are the Circular containing details of the matters to be dealt with at the Meeting and a form of proxy. Shareholders are referred to the Circular for more detailed information with respect to matters to be considered at the Meeting and for the full text of the resolutions.

Shareholders who are unable to attend the Meeting in person are requested to complete and sign the acting form of proxy and return it by mail in the enclosed return envelope or by facsimile. To be effective, proxies must be received by the Corporation's transfer agent, Equity Financial Trust Company, Suite 400, 200 University Avenue,

Toronto, Ontario M5H 4H1, Attention: Proxy Department or by facsimile at 416-361-0470 prior to 5:00 p.m. (EST) on Tuesday, August 13<sup>th</sup>, 2013, or if the Meeting is adjourned, by no later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned meeting.

DATED at Toronto, Ontario, this 12<sup>th</sup> day of July, 2013.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) "Clifford Hunt"

Vice-Chairman of the Board of Directors

**YANGAROO INC.**

## **Management Information Circular**

### **SOLICITATION OF PROXIES**

This management information circular (the "Circular") is furnished in connection with the solicitation by the management of YANGAROO Inc. (the "Corporation") of proxies for use at the annual and special meeting of shareholders of the Corporation (the "Meeting") to be held at 18 Mowat Avenue, Toronto, Ontario on August 15, 2013 commencing at 4:00 PM (EST), and at any adjournment thereof, for the purposes set forth in the Notice of Meeting (the "Notice"). The solicitation will be primarily by mail, but directors, officers, employees or representatives of the Corporation may also solicit proxies personally or by telephone. All costs of solicitation will be borne by the Corporation. The information contained herein is given as at July 12, 2013, unless otherwise indicated.

All dollar amounts in this Circular are in Canadian dollars, except where otherwise indicated.

### **APPOINTMENT OF PROXIES**

The persons named in the enclosed form of proxy are officers of the Corporation. *Each shareholder has the right to appoint a person other than the persons named in the enclosed form of proxy, who need not be a shareholder of the Corporation, to represent such shareholder at the Meeting or any adjournment thereof.* Such right may be exercised by inserting such person's name in the blank space provided in the form of proxy and striking out the other names or by completing another proper form of proxy.

### **VOTING INSTRUCTIONS**

#### **Registered Shareholders**

There are two methods by which registered shareholders ("Registered Shareholders"), whose names are shown on the books or records of the Corporation as owning common shares ("Common Shares"), can vote their Common Shares at the Meeting: in person at the Meeting, or by proxy. Should a Registered Shareholder wish to vote in person at the Meeting, he or she may still complete and return the form of proxy included with the Circular; and if required, the Registered Shareholder can revoke his or her proxy at the Meeting and instead vote in person. Should the Registered Shareholder not wish to attend the Meeting or not wish to vote in person, his or her vote should be voted by proxy through one of the methods described below and the Common Shares represented by the proxy will be voted or withheld

from voting, in accordance with the instructions as indicated in the form of proxy, on any ballot that may be called for, and if a choice was specified with respect to any matter to be acted upon, the Common Shares will be voted accordingly. Please note that an individual voting on behalf of a corporation who is a Registered Shareholder must present certain documents at the Meeting, including a corporate signing resolution.

A Registered Shareholder may vote by proxy by using one of the following methods: (i) the paper form of proxy to be returned by mail or delivery; (ii) facsimile; or (iii) internet. The methods of using each of these procedures are described below:

#### *Voting by Mail*

A Registered Shareholder may vote by mail or delivery by completing, dating and signing the enclosed form of proxy and depositing it with Equity Financial Trust Company (the “Transfer Agent”) using the envelope provided or by mailing it to:

Equity Financial Trust Company,  
200 University Avenue, Suite 400,  
Toronto, ON M5H 4H1  
Attention: Proxy Department

by no later than the close of business on Tuesday, August 13, 2013, or if the Meeting is adjourned, by no later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned meeting.

#### *Voting by Facsimile*

A Registered Shareholder may vote by facsimile by completing, dating and signing the enclosed form of proxy and returning it by facsimile to the Transfer Agent at 416-595-9593. The form of proxy must be received by no later than the close of business on August 13, 2013, or if the Meeting is adjourned, no later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned meeting.

A proxy voted by mail or fax must be in writing and must be executed by the Registered Shareholder or by an attorney authorized in writing or, if the Registered Shareholder is a corporation or other legal entity, by an authorized officer or attorney. Voting by mail is the only method by which a Registered Shareholder may choose an appointee other than the management appointees named on the proxy.

#### *Voting by Internet*

A Registered Shareholder may vote by internet following the instructions on the enclosed “Voting Options” form to logon to [www.voteproxyonline.com](http://www.voteproxyonline.com) and entering the Registered Shareholder’s Control Number. The Control Number is printed above the mailing address on the proxy form received by the Registered Shareholder. Voting by internet must be completed no later than the close of business on August 13, 2013, or if the Meeting is adjourned, no later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned meeting.

## Non-Registered Shareholders

In the Circular and the enclosed form of proxy and Notice, all references to shareholders are to Registered Shareholders of Common Shares. Only Registered Shareholders of Common Shares, or the persons they appoint as their proxies, are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a holder (a “Non-Registered Shareholder” or “Beneficial Owner”) are registered either:

- in the name of an intermediary (an “Intermediary”) that the Non-Registered Shareholder deals with in respect of the Common Shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

There are two kinds of Beneficial Owners, those who object to their name being made known to the Corporation, referred to as objecting beneficial owners (“OBOs”) and those who do not object to being known by the Corporation, referred to as non-objecting beneficial owners (“NOBOs”). In accordance with the requirements of *National Instrument 54-101—Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Corporation has opted this year to distribute copies of the Notice, Circular, and the enclosed form of proxy (collectively, the “Meeting Materials”) to NOBOs directly. Whereas, the Meeting Materials will continue to be distributed to OBOs through clearing houses and Intermediaries, who often use a service company (such as Broadridge or ADP Investor Communications) to forward Meeting Materials to Non-Registered Shareholders.

The Meeting Materials are being sent to both Registered and Non-Registered Shareholders of the Common Shares. If you are a Non-Registered Shareholder, and the Corporation or its agent has sent these Meeting Materials directly to you, your name, address and information about your holdings of Common Shares, have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf.

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

### *Objecting Beneficial Owners (“OBOs”)*

Intermediaries are required to forward Meeting Materials to OBOs unless an OBO has waived the right to receive them. Generally, OBOs who have not waived the right to receive Meeting Materials will either:

- (a) be given a proxy who has already been signed by the Intermediary (typically by a facsimile, stamped signature) and is restricted as to the number of Common Shares beneficially owned by the OBO but which is otherwise not completed. This form of proxy need not be signed by the OBO. In this case, the OBO who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with the Transfer Agent, by mail addressed to Equity Financial Company, Attention: Proxy Department, Suite 400, 200 University Avenue, Toronto Ontario M5H 4H1 or by facsimile at 416-595-9593, as applicable, or with the Chairman of the Corporation; or
- (b) is given a voting instruction form (“VIF”) which must be completed and signed by the OBO in accordance with the directions on the VIF (which may in some cases permit the completion of VIF by telephone, internet or facsimile).

*Non-Objecting Beneficial Owners (“NOBOs”)*

NOBOs can expect to receive the Meeting Materials with a form of proxy from the Transfer Agent. These proxies are to be completed and returned to the Transfer Agent in the envelope provided or by following the instructions contained on the proxy for facsimile, telephone or internet voting. The Transfer Agent will tabulate the results of the proxies received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the proxies they receive.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder may simply clearly print the name of the person to attend the Meeting in the space provided for this purpose on the proxy.

**REVOCAION OF PROXIES**

A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy and may do so (1) by delivering another properly executed proxy bearing a later date and depositing it as aforesaid, including within the prescribed time limits noted above; (2) by depositing an instrument in writing revoking the proxy executed by the shareholder or by the shareholder's attorney authorized in writing (i) at the registered office of the Corporation, 18 Mowat Avenue, Toronto, ON M6K 3E8 at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or (ii) with the Chairman of the Meeting, prior to its commencement, on the day of the Meeting or any adjournment thereof; (3) by attending the Meeting in person and so requesting; or (4) in any other manner permitted by law. A Non-Registered Holder may revoke a proxy or a waiver of the right to receive Meeting Materials and to vote given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a proxy or of a waiver of the right to receive Meeting Materials and to vote that is not received by the Intermediary at least seven days prior to the Meeting.

## VOTING AND DISCRETION OF PROXIES

On any ballot that may be called for, the Common Shares represented by proxies in favour of the persons named by management of the Corporation will be voted for or against, or voted for or withheld from voting on, the matters identified in the proxy, in each case in accordance with the instructions of the shareholder. **In the absence of any instructions on the proxy, it is the intention of the persons named by management in the accompanying form of proxy to vote (a) FOR the election of each of management's nominees as directors; (b) FOR the appointment of management's nominee as auditor and the authorization of the directors to fix the remuneration of the auditor; (c) FOR the resolution to ratify the shareholder rights plan; (d) FOR the resolution to amend By-Law No. 1 to provide for advance notice of the election of directors; (e) FOR the resolution to amend By-Law No. 1 to provide for notice-and-access; (f) FOR the resolution to ratify the amendment to the stock option plan; (g) FOR the resolution to ratify the Shareholder Rights Plan; and (h) in accordance with management's recommendations with respect to amendments or variations of the matters set out in the Notice or any other matters which may properly come before the Meeting. The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations of the matters identified in the Notice or any other matters that may properly come before the Meeting.** As at the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters that may properly come before the Meeting other than the matters referred to in the Notice.

## VOTING SHARES AND PRINCIPAL SHAREHOLDERS

As at July 12, 2013, the authorized capital of the Corporation consisted of an unlimited number of Common Shares, of which 163,244,771 Common Shares were issued and outstanding.

A holder of record of Common Shares as at the close of business on July 12, 2013 (the "Record Date") is entitled to one vote for each Common Share held by him or her. The affirmative vote of a majority of the votes cast at the Meeting is required for approval of each matter set forth in this Circular.

In accordance with the *Business Corporations Act* (Ontario), the Corporation will prepare a list of holders of Common Shares on the Record Date. Each holder of Common Shares named in the list will be entitled to vote the Common Shares shown opposite his or her name on the list at the Meeting.

As at July 12, 2013, to the knowledge of the directors and senior officers of the Corporation, no person beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the Common Shares other than Ingalls and Snyder LLC which holds 29,215,333 shares and CDS & Co. which holds 90,742,599 shares. CDS & Co. is a holding company for shares held in brokerage accounts for Non-Registered Holders. The Corporation's management does not know who beneficially owns these shares.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

### Introduction

The Board believes that effective corporate governance contributes to improved corporate performance and enhanced shareholder value. The Board has reviewed the corporate governance best practices identified in National Policy 58-201 - *Corporate Governance Guidelines* and National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (collectively, the “CSA Guidelines”). The Board is committed to ensuring that the Corporation follows best practices and is in the process of developing such practices. The Corporation's specific disclosure relative to these guidelines is set below.

### Board of Directors

The responsibility of the Board is to supervise the management of the business and affairs of the Corporation in accordance with the best interests of the Corporation and all of its shareholders. In discharging its responsibility, the Board reviews the performance of the President, CEO and COO and oversees and reviews the development and implementation of the following significant corporate plans and initiatives:

- the Corporation's strategic planning and budgeting process;
- succession planning, including appointing, training and monitoring senior management; and
- the Corporation's public communications policies and continuous disclosure record.

The Board meets at least four times a year and more frequently if required. In 2012, the Board met five times. In addition, the Board took numerous actions by written resolution.

### Board Composition

The Board was composed of six directors for the duration of 2012, except effective October 12, 2012 Justin LaFayette resigned as director and Gerald Quinn was nominated a new director effective November 1, 2012. All directors are elected annually. The Corporation's five other directors included Clifford Hunt, Howard Atkinson, Gary Moss, Sander Shalinsky, and Anthony Miller.

Messrs. LaFayette, Quinn, Atkinson, Shalinsky, and Miller are independent directors as contemplated by the CSA Guidelines (i.e. each is independent of management and free from any interest in and any business or other relationship with the Corporation which could reasonably be expected to interfere with the exercise of the director's judgment). In determining whether a director is independent, the Board considers the specific circumstances of a director and the nature, as well as materiality, of any relationship between the director and the Corporation.

### Board Committees

There are two permanent Board committees: (i) the audit committee (“Audit Committee”); and (ii) the compensation committee (“Compensation Committee”). The Board may also appoint other temporary or permanent committees from time to time for particular purposes.

Currently, the Board does not have a corporate governance committee or nominating committee. The Board as a whole evaluates corporate governance requirements, the conduct of the Board and the

respective roles of the committees; and identifies and recommends for nomination candidates for election as directors. The Board looks at the education and experience of potential nominees to the Board.

The following sets out the report of the Audit Committee as well as a summary of the responsibilities and activities of the other Board committees.

#### *Audit Committee Report*

Until October 12, 2012, Messrs. LaFayette, Atkinson, and Miller were members of the Audit Committee, of which Mr. Atkinson was Chairman. Upon Mr. LaFayette's resignation, Mr. Quinn became a member of the Audit Committee. They were all independent throughout 2012 for purposes of the Audit Committee. Each of the members of the Audit Committee is financially literate as defined in Multilateral Instrument 52-110. During the year ended December 31, 2012, the Audit Committee met four times. The Corporation as a venture issuer has relied on the exemptions in Section 6.1 of Multilateral Instrument 52-110 ("MI 52-110") exempting the Corporation from the requirements Part 5 (Reporting Obligations) of MI 52-110.

A copy of the charter of the Audit Committee is attached to this Circular as SCHEDULE "A" and will also be available electronically at [www.sedar.com](http://www.sedar.com). The Audit Committee assists the Board in carrying out its responsibilities relating to corporate accounting and financial reporting practices. The duties and responsibilities of the Committee include the following:

- reviewing for recommendation to the Board for its approval the principal documents comprising the Corporation's continuous disclosure record, including interim and annual financial statements and management's discussion and analysis;
- recommending to the Board a firm of independent auditors for appointment by the shareholders and reporting to the Board on the fees and expenses of such auditors. The Committee has the authority and responsibility to select, evaluate and if necessary replace the independent auditor. The Committee has the authority to approve all audit engagement fees and terms and the Committee, or a member of the Committee, must review and pre-approve any non-audit services provided to the Corporation by the Corporation's independent auditor and consider the impact on the independence of the auditor;
- reviewing periodic reports from the CFO;
- discussing with management and the independent auditor, as appropriate, any audit problems or difficulties and management's response; and
- establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters.

The Committee maintains direct communication during the year with the Corporation's independent auditor and the Corporation's senior officers responsible for accounting and financial matters. The Audit Committee has reviewed and discussed with management and the independent auditors the financial statements of the Corporation as at December 31, 2012 and management's discussion and analysis. Based



on that review and on the report of the independent auditor of the Corporation, the Audit Committee recommended to the Board that the Corporation's financial statements and management's discussion and analysis be approved and filed with Canadian regulatory authorities.

The Audit Committee has recommended to the Board that the shareholders of the Corporation be requested to re-appoint Collins Barrow Toronto LLP, Chartered Accountants, as the independent auditor for 2013.

For the years ended December 31, 2012 and 2011, the fees accrued or paid by the Corporation for audit work and other services performed by Collins Barrow Toronto LLP were as follows:

	<b>2012</b>	<b>2011</b>
Audit services	\$33,475	\$36,565
Audit-related services	5,974	10,995
Tax services	8,755	3,605
Other services	700	4,565
	<u>\$48,904</u>	<u>\$55,730</u>

#### Audit service fees

Audit service fees were paid for professional services rendered by the auditors for audit of the financial statements including the services provided in connection with statutory and regulatory filings.

#### Audit-related services fees

The audit-related services provided were for assistance with preparation of unaudited quarterly financial statements.

#### Tax service fees

The tax services provided were for preparation of corporate and provincial tax returns.

#### Other service fees

The other services provided were for other miscellaneous matters.

Pursuant to the Audit Committee charter, the Audit Committee approved in advance all auditing services of the external auditors and related fees and terms and all non-audit service mandates including related fees and terms, to the extent permitted by applicable laws, regulations and policies. The Audit Committee may delegate to one or more members of the Audit Committee the authority to pre-approve non-audit services to be provided by the external auditors provided that any such approvals made by the designated individuals will be reported to the full Audit Committee at its next scheduled meeting.

#### *Compensation Committee*

The Compensation Committee assists the Board in carrying out its responsibilities relating to personnel matters, including performance, compensation and succession. The Compensation Committee is in the

process of preparing terms of reference which will include developing annual objectives against which to assess members of management including the President, CEO and COO, reviewing and making recommendations to the Board with respect to employee and contractor compensation arrangements including stock options and management succession planning.

The Compensation Committee met one time in 2012. A part of each meeting is conducted without management present, including for the purpose of specifically discussing the compensation of the Vice-Chairman and COO, and the President and CEO. The members of the Committee during 2012 were Mr. Miller (Chair), Mr. Quinn, Mr. Atkinson and Mr. Shalinsky.

### Summary of Committee Memberships and Record of Attendance for 2012

During the year ended December 31, 2012, the Board and its committees held the following numbers of meetings:

Board .....	5 <sup>(1)</sup>
Audit Committee (“AC”).....	4
Compensation Committee (“CC”).....	1
Total number of meetings held.....	10

<sup>(1)</sup> In addition to the five meetings held by the Board, a number of actions were taken by resolution in writing.

Director	Committee Memberships	Board Meetings Attended	Committee Meetings Attended
Clifford Hunt	-	5	AC-4 CC-1
Gary Moss	-	5	AC-4 CC-1
Howard Atkinson	AC, CC	5	AC-4; CC-1
Justin LaFayette	AC, CC	4	AC-3
Sander Shalinsky	CC	3	AC-2 CC-1
Anthony Miller	AC, CC	5	AC-4; CC-1
Gerald Quinn	AC,CC	-	-

### Ethical Conduct

The Corporation has implemented a written Code of Ethics (the “Code”). All directors, officers, employees and consultants of the Corporation will be expected to be familiar with the Code and to adhere to those principles and procedures set forth in the Code that apply to them. The Board will ultimately be responsible for the application of the Code to the affairs of the Corporation.

### Shareholder Feedback

The Board believes that management should speak for the Corporation in its communications with shareholders and others in the investment community and that the Board should be satisfied that appropriate investor relations programs and procedures are in place. Management communicates regularly with shareholders and others in the investment community to receive and respond to shareholder feedback.

The Board regularly reviews the Corporation's major communications with shareholders and the public, including management discussion and analysis, financial statements and management information circulars.

### **Expectations of Management**

The Board believes that it is appropriate for management to be responsible for the development of long-term strategies for the Corporation. Meetings of the Board are held, as required, to specifically review and deal with long-term strategies of the Corporation as presented by senior members of management.

The Board appreciates the value of having selected senior officers attend Board meetings to provide information and opinions to assist the directors in their deliberations. The Chair arranges for the attendance of senior officers at board meetings in consultation with the President and CEO.

## **EXECUTIVE COMPENSATION**

As required by Part 1(c) of National Instrument 51-102F5 – *Information Circular*, Form 51-102F6 – *Statement of Executive Compensation* for the year ended December 31, 2012 is appended as follows:

### **Compensation Discussion and Analysis**

The Corporation seeks to establish compensation plans for executive officers (collectively, the “Named Executive Officers” or “NEO”) that will attract, retain, and motivate qualified executives to join the Corporation and work diligently to attain the Corporation’s objectives. The Corporation’s Board has a Compensation Committee that is comprised of four independent directors that assists the Board in carrying out its responsibilities relating to personnel matters, including performance, compensation and succession. Compensation plans for NEO are developed by the President and CEO and submitted to the Compensation Committee for review and approval before being implemented.

The Corporation offers NEO compensation packages that included a combination of salary, bonus, stock options and a group health insurance plan. Salary levels are determined so as to be competitive with similar organizations in the Corporation’s region and to attract and retain NEO.

#### *Annual Incentives*

Annual incentives in the form of bonuses are offered to motivate NEO to achieve specific corporate goals for the year that include revenues, costs, profitability, technology development and cash flow. Bonuses can be comprised of cash and stock options. The cash bonus portion NEO are eligible to earn is determined as a percentage of their salary. The achievement of financial goals is determined by comparing actual results to the Corporation’s budget for the year. The amount of bonus earned is determined by the degree to which the goal was met, with higher amounts being earned for over-achievement. The President and CEO and the Vice-Chairman, Secretary and COO had the same annual bonus plan targets for the year ending December 31, 2012.

### Long Term Incentives

Longer-term incentive compensation in the form of stock options are offered to align NEO interests with those of the Corporation’s shareholders by providing an opportunity for NEO to benefit from growth in the value of the Corporation’s shares over a period of several years. Stock options also encourage continued service to the Corporation. Option grants for NEO are recommended to the Board by the President and CEO and by the Compensation Committee. The board approves all option grants, setting their exercise price, vesting period and expiry. The number of options previously held by a NEO is considered when new grants are proposed. The President and CEO, and the Vice-Chairman, Secretary and COO each received different option grants during the year ending December 31, 2012, as illustrated in the table below.

### Summary Compensation Table

The following table sets forth the summary information concerning compensation earned by the Corporation’s President and Chief Executive Officer (“CEO”), and the Vice Chairman, Chief Operating Officer (“COO”) and Secretary, and the Chief Financial Officer (“CFO”) and each of the Corporation’s most highly compensated executive officers who were serving as an executive officer (collectively, the “Named Executive Officers”) during the most recently completed financial years ended on or after December 31, 2010.

Name and Principal Position	Year	Salary (\$)	Share-based Awards (\$)	Option-based Awards <sup>(5)</sup> (\$)	Non-equity Incentive Plan Compensation		Pension Value <sup>(16)</sup> (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans <sup>(15)</sup> (\$)	Long-term Incentive Plan (\$)			
Scott Wambolt <sup>(1)</sup> President & CEO	2012	41,667	Nil	Nil	Nil	Nil	Nil	666	42,333
	2011	228,333 <sup>(1)</sup>	Nil	60,438 <sup>(6)</sup>	Nil	Nil	Nil	3,800	292,571
	2010	128,692 <sup>(1)</sup>	Nil	186,561 <sup>(6)</sup>	Nil	Nil	Nil	1,527	316,780
John Heaven <sup>(2)</sup> President & CFO	2012	Nil	Nil	Nil	Nil	Nil	Nil	71,258 <sup>(2)</sup>	71,258
	2011	Nil	Nil	Nil	Nil	Nil	Nil	226,191 <sup>(2)</sup>	226,191
	2010	204,980	Nil	Nil	Nil	Nil	Nil	33,106 <sup>(2)</sup>	238,086
Gary Moss <sup>(3)</sup> President & CEO	2012	215,278 <sup>(3)</sup>	Nil	16,396 <sup>(7)</sup>	Nil	Nil	Nil	50,364	282,038

Cliff Hunt Vice Chairman, Secretary & COO	2012	185,000	Nil	97,076 <sup>(8)</sup>	Nil	Nil	Nil	10,779 <sup>(17)</sup>	292,855
	2011	157,141	Nil	76,413 <sup>(9)</sup>	Nil	Nil	Nil	17,955 <sup>(17)</sup>	251,509
	2010	153,450	Nil	Nil	Nil	Nil	Nil	4,327	157,777
Michael Galloro CFO	2012	108,000	Nil	Nil	Nil	Nil	Nil	Nil	108,000
	2011	108,000	Nil	4,936 <sup>(10)</sup>	Nil	Nil	Nil	Nil	112,936
	2010	8,500	Nil	Nil	Nil	Nil	Nil	Nil	8,500
Richard Klosa CTO	2012	160,000	Nil	8,586 <sup>(11)</sup>	Nil	Nil	Nil	4,689	173,275
	2011	160,000	Nil	51,975 <sup>(12)</sup>	Nil	Nil	Nil	4,437	216,412
	2010	160,000	Nil	20,322 <sup>(13)</sup>	Nil	Nil	Nil	4,396	184,718
Karen Dealy <sup>(4)</sup> President, Advertising Operations	2012	179,885	Nil	Nil	Nil	Nil	Nil	Nil	179,885
	2011	178,040	Nil	Nil	Nil	Nil	Nil	Nil	178,040
	2010	65,366	Nil	76,860 <sup>(14)</sup>	Nil	Nil	Nil	Nil	142,226

- (1) Scott Wambolt's employment as President and CEO terminated effective February 29, 2012. His salary in 2010 included \$65,000 accrued in the year and was paid out in 2011.
- (2) John Heaven's employment as President and CFO terminated effective November 30, 2010. As part of his compensation package, Mr. Heaven received a salary continuance of his last base rate and medical and dental benefits up to February 28, 2012, in recognition of his service to the Corporation. Under all other compensation for 2010, it included salary continuance of \$18,635 and vacation pay of \$10,320; for 2011 it included salary continuance of \$223,615; for 2012 it included salary continuance of \$37,269 and deferred bonus payment of \$33,542.
- (3) Gary Moss joined the Corporation as President and CEO effective February 22, 2012. He received a \$50,000 signing bonus, which is included in All Other Compensation.
- (4) Karen Dealy's salary reported in the above table is the converted value in Canadian dollars.
- (5) The fair value of the option-based awards was estimated at the grant date using the Black-Scholes pricing model with the assumption that the options would be exercised on expiry date.
- (6) The Corporation granted Scott Wambolt 2,000,000 options on June 15, 2010 with an exercise price of \$0.10 and expiry date of June 15, 2015. These options should be vested and become exercisable based on his employment as CEO and President of the Corporation. Of these 2,000,000 options, 1,333,333 unvested options were cancelled on the date of his resignation, February 29, 2012 and 666,667 vested options were forfeited after 90 days from the termination date. In addition, the Corporation granted Scott Wambolt 1,775,000 options on June 15, 2010 with an exercise price of \$0.10 and expiry date of June 15, 2015 and 225,000 options on February 11, 2011 with an exercise price of \$0.10 and expiry date of February 11, 2016. All these options should be vested and become exercisable upon achieving certain company milestones. None of these options were vested and all were cancelled upon his resignation. Scott Wambolt also received 869,503 options on August 18, 2011 with an exercise price of \$0.10 and expiry date of August 18, 2016.

These options are not subject to any performance criteria and 521,702 unvested options were cancelled on the date of his resignation and 347,801 vested options were forfeited after 90 days from his termination day. As of December 31, 2012, there were no options outstanding.

- (7) Gary Moss received 400,000 options on December 20, 2012 with an exercise price of \$0.10 and expiry date of December 20, 2017. The vesting of these options is not subject to any performance criteria. As of December 31, 2012, none of these were vested and have become exercisable.
- (8) The Corporation granted Cliff Hunt 2,368,281 options on December 20, 2012 with an exercise price of \$0.10 and expiry date of December 20, 2017. These options are not subject to any performance criteria. As of December 31, 2012, none of them were vested and have become exercisable.
- (9) The Corporation granted Cliff Hunt 250,000 options on February 11, 2011 with an exercise price of \$0.10 and expiry date of February 11, 2016. These options should be vested and become exercisable upon achieving certain company milestones. As of December 31, 2012, none of these options were vested and have become exercisable. In the same year, Cliff Hunt received 1,153,719 options on August 18, 2011 with an exercise price of \$0.10 and an expiry date August 18, 2016. These options are not subject to any performance criteria. As of December 31, 2012, 807,603 options were vested and have become exercisable.
- (10) Michael Galloro received 100,000 options on August 18, 2011 with an exercise price of \$0.10 and an expiry date of August 18, 2016. These options are not subject to any performance criteria. As of December 31, 2012, 70,000 options were vested and have become exercisable.
- (11) The Corporation granted Richard Klosa 209,461 options on December 21, 2012 with an exercise price of \$0.10 and expiry date of December 21, 2017. These options are not subject to any performance criteria. As of December 31, 2012, none of these options were vested and have become exercisable.
- (12) The Corporation granted Richard Klosa 600,000 options on February 11, 2011 with an exercise price of \$0.10 and expiry date of February 11, 2016. These options should be vested and become exercisable upon achieving certain company milestones. As of December 31, 2012, none of these options were vested and have become exercisable. In addition, Richard Klosa received 106,539 options on August 18, 2011 with an exercise price of \$0.10 and expiry date of August 18, 2016. These options are not subject to any performance criteria. As of December 31, 2012, 74,577 options were vested and have become exercisable.
- (13) The Corporation granted Richard Klosa 300,000 options on April 20, 2010 with an exercise price of \$0.10 and expiry date of April 20, 2015. As of December 31, 2012, all of these options were vested and have become exercisable.
- (14) The Corporation granted Karen Dealy 1,000,000 options on August 23, 2010 with an exercise price of \$0.10 and expiry date of August 23, 2015. Of these, 500,000 options should be vested and become exercisable based on her employment as President, Advertising Operations of the Corporation and 500,000 options should be vested and become exercisable upon achieving certain company milestones. As of December 31, 2012, 333,333 of these options were vested and have become exercisable. On May 17, 2013, 666,667 unvested options were cancelled due to her resignation and 333,333 vested options will be forfeited if they are not exercised by November 17, 2013.
- (15) Annual incentive plan represents the cash bonuses earned in the reporting year and paid out in the same year or in the following year when audited financial statements have been completed.
- (16) The Corporation does not have a pension plan in place for its Named Executive Officers.
- (17) All other compensations to Cliff Hunt included vacation pay of \$13,575 in 2011 and \$6,026 in 2012.

## Incentive Plan Awards

The following table sets forth information for each named executive officer for all awards outstanding at the end of the most recently completed financial year.

### OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS AS AT DECEMBER 31, 2012

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
John Heaven President & CFO	80,000	\$0.10	November 19, 2013	Nil	Nil	Nil
	70,000	\$0.22	April 18, 2013	Nil	Nil	Nil
Gary Moss President & CEO	400,000 <sup>(1)</sup>	\$0.10	December 20, 2017	Nil	Nil	Nil
	100,000 <sup>(10)</sup>	\$0.10	December 13, 2017	Nil	Nil	Nil
	100,000 <sup>(11)</sup>	\$0.10	August 18, 2016	Nil	Nil	Nil
	50,000 <sup>(12)</sup>	\$0.10	February 11, 2016	Nil	Nil	Nil
	50,000 <sup>(12)</sup>	\$0.11	November 18, 2014	Nil	Nil	Nil
	50,000 <sup>(12)</sup>	\$0.10	November 19, 2013	Nil	Nil	Nil
Cliff Hunt Vice Chairman & COO	2,368,281 <sup>(2)</sup>	\$0.10	December 20, 2017	Nil	Nil	Nil
	1,153,719 <sup>(3)</sup>	\$0.10	August 18, 2016	Nil	Nil	Nil
	250,000 <sup>(4)</sup>	\$0.10	February 11, 2016	Nil	Nil	Nil
	80,000	\$0.10	November 19, 2013	Nil	Nil	Nil
	70,000	\$0.22	April 18, 2013	Nil	Nil	Nil
Michael Galloro CFO	100,000 <sup>(5)</sup>	\$0.10	August 18, 2016	Nil	Nil	Nil
Richard Klosa CTO	209,461 <sup>(6)</sup>	\$0.10	December 21, 2017	Nil	Nil	Nil
	106,539 <sup>(7)</sup>	\$0.10	August 18, 2016	Nil	Nil	Nil
	600,000 <sup>(8)</sup>	\$0.10	February 11, 2016	Nil	Nil	Nil
	300,000	\$0.10	April 20, 2015	Nil	Nil	Nil
	100,000	\$0.135	January 9, 2013	Nil	Nil	Nil
Karen Dealy President, Advertising Operations	1,000,000 <sup>(9)</sup>	\$0.10	August 23, 2015	Nil	Nil	Nil

- (1) 400,000 stock options were granted to Gary Moss on December 20, 2012. 100% of these options are vested after four months from the date of grant. As of December 31, 2012, none of them were vested and have become exercisable.
- (2) 2,368,281 stock options were granted to Cliff Hunt on December 20, 2012. 100% of these options are vested after four months from the date of grant. As of December 31, 2012, none of them were vested and have become exercisable.
- (3) 1,153,719 stock options were granted to Cliff Hunt on August 18, 2011. As of December 31, 2012, 70% of these options were vested and have become exercisable.
- (4) 250,000 stock options were granted to Cliff Hunt on February 11, 2011. These options become exercisable when certain criteria have been met. As of December 31, 2012, none of the criteria were met; therefore, no options have become exercisable.
- (5) 100,000 stock options were granted to Michael Galloro on August 18, 2011. As of December 31, 2012, 70% of these options were vested and have become exercisable.
- (6) 209,461 stock options were granted to Richard Klosa on December 21, 2012. 100% of these options are vested after four months from the date of grant. As of December 31, 2012, none of them were vested and have become exercisable.
- (7) 106,539 stock options were granted to Richard Klosa on August 18, 2011. As of December 31, 2012, 70% of these options were vested and have become exercisable.
- (8) 600,000 stock options were granted to Richard Klosa on February 11, 2011. These options become exercisable when certain criteria have been met. As of December 31, 2012, none of the criteria were met; therefore, no options have become exercisable.
- (9) 1,000,000 stock options were granted to Karen Dealy on August 23, 2010. These options become exercisable when certain criteria have been met. As of December 31, 2012, 333,333 options have become exercisable. On May 17, 2013, 666,667 non-exercisable options were cancelled due to her resignation and 333,333 exercisable options will be forfeited if they are not exercised by November 17, 2013.
- (10) 100,000 stock options were granted to Gary Moss on December 13, 2012 for his services as an independent director before he joined the Corporation as President and CEO on February 22, 2012. 100% of these options are vested after four months from the date of grant. As of December 31, 2012, none of them were vested and have become exercisable.
- (11) 100,000 stock options were granted to Gary Moss on August 18, 2011 for his services as an independent director. As of December 31, 2012, 70% of these options were vested and have become exercisable.
- (12) These stock options were granted to Gary Moss for his services as an independent director. As of December 31, 2012, all of them were vested and have become exercisable.



The following table sets forth the value vested or earned from the incentive plan awards to each of the named executive officers for the most recently completed financial year.

**Incentive Plan Awards – Value Vested or Earned  
DURING THE YEAR ENDED DECEMBER 31, 2012**

Name	Option-based awards – Value vested during the year  (\$)	Share-based awards – Value vested during the year  (\$)	Non-equity incentive plan compensation – Value earned during the year  (\$)
Scott Wambolt President & CEO	Nil <sup>(1)</sup>	Nil	Nil
John Heaven President & CFO	Nil <sup>(4)</sup>	Nil	Nil
Gary Moss President & CEO	Nil <sup>(5)</sup>	Nil	Nil
Cliff Hunt Chairman & COO	Nil <sup>(2)</sup>	Nil	Nil
Michael Galloro CFO	Nil <sup>(2)</sup>	Nil	Nil
Richard Klosa CTO	Nil <sup>(2)</sup>	Nil	Nil
Karen Dealy President, Advertising Operations	Nil <sup>(3)</sup>	Nil	Nil

- (1) 30% of the options granted to Scott Wambolt on August 18, 2011 were vested during the fiscal year of 2012 and forfeited after 90 days from the date of his resignation. All of them were out of the money during 2012.
- (2) 60% of the options granted to each of Cliff Hunt, Michael Galloro and Richard Klosa on August 18, 2011 were vested during the fiscal year of 2012. All of them were out of the money as at December 31, 2012.
- (3) 16.67% of the options granted to Karen Dealy on August 23, 2010 were vested during the fiscal year of 2012. All of them were out of the money as at December 31, 2012.
- (4) John Heaven did not have options vested during the fiscal year of 2012.
- (5) None of the options granted to Gary Moss as an executive officer were vested during the fiscal year of 2012.

**Defined Benefit or Contribution Plans**

The Corporation does not have a pension plan that provides for benefits at or in connection with retirement.

**Termination and Change of Control Benefits**

The Corporation reimburses its Executive Officers for all travel and other out-of-pocket expenses incurred in connection with the performance of their respective duties. The Corporation implemented an employment contract with the Chairman and COO in 2007. In the event employment of this executive is

terminated on a without cause basis, he will receive a lump sum payment equal to twelve months base salary, plus an additional lump sum payment equal to one month base salary for each additional fully completed year of service with the Corporation after December 31, 2007, or a pro-rated additional lump sum payment for any partial year of service after December 31, 2007. The executive will also receive a bonus payment equal to the bonus he received for the fiscal year prior to termination. The Corporation provides an insurance benefit package in the form of an employee group insurance plan (the “Benefit Package”) and in the event of termination on a without cause basis the Corporation will continue to make its portion of any payments required to maintain the Benefit Package for the lump sum period referred to above, or the period required by applicable employment or labour standards legislation if that is longer than the lump sum period referred to above, in accordance with the terms of the applicable insurance policies. Any continued coverage under the Benefit Package will be conditional on the Executive’s satisfying the terms and conditions of the applicable insurance policies.

The Corporation implemented an employment contract with the President and CEO in 2010; however, the Executive resigned effective February 29, 2012. The Executive’s employment contract stated that upon resignation by the Executive, the Executive would not be entitled to receive any further compensation or benefits other than those which had accrued up to the Executive’s last day of active service with the Corporation.

The Corporation implemented an employment contract with the President and CEO in 2012 to replace the President and CEO who had resigned. The Executive’s employment contract stated that upon resignation by the Executive, the Executive would not be entitled to receive any further compensation or benefits other than those which had accrued up to the Executive’s last day of active service with the Corporation. . In the event employment of this executive is terminated on a without cause basis, or in the event of a triggering event (which is a defined term in the employment contract referring to: (i) an adverse change in any of the duties, powers, rights, discretion, prestige, salary, benefits, perquisites of the Executive; (ii) a diminution of the title of the Executive; (iii) a change in the person or body to whom the Executive reports; (iv) a change in the hours during or location at which the Executive is regularly required to carry out the terms of his employment with the Corporation, or an increase in the amount of travel the Executive is required to conduct on behalf of the Corporation; or (v) any other reason which in the honestly-held view of the Executive results in the inability of the Executive to carry out his duties), he will receive a lump sum payment equal to twelve months base salary, plus an additional lump sum payment equal to one month base salary for each additional fully completed year of service with the Corporation after December 1, 2012, or a pro-rated additional lump sum payment for any partial year of service after December 1, 2012, to a maximum of twenty-four (24) months. The executive will also receive a bonus payment which shall be calculated based upon the bonus he received for the fiscal year prior to termination for the number of months that he is to receive pay in lieu of notice of termination of employment. The Corporation provides an insurance benefit package in the form of an employee group insurance plan (the “Benefit Package”) and in the event of termination on a without cause basis the Corporation will continue to make its portion of any payments required to maintain the Benefit Package for the lump sum period referred to above, or the period required by applicable employment or labour standards legislation if that is longer than the lump sum period referred to above, in accordance with the terms of the applicable insurance policies. Any continued coverage under the Benefit Package will be

conditional on the Executive's satisfying the terms and conditions of the applicable insurance policies. Notwithstanding the foregoing, in the Event that the Corporation terminates the Executive's employment on a without cause basis within (6) months of a change of control (which is a defined term in the employment contract) or in the event of a "Triggering Event" within six (6) months of a change of control, the Corporation shall provide the Executive a lump sum payment equal to twenty-four (24) months base salary along with a bonus payment equal to two times the bonus he received for the fiscal year prior to the termination of his employment.

## **Management & Employment Agreements**

The provision of services by each of the Named Executive Officers is governed by employment agreements with the Corporation. The following summarizes the relevant features of each agreement including any subsequent amendments:

Mr. Wambolt tendered his resignation, terminating his employment agreement with the Corporation. Mr. Wambolt is prohibited from competing with the Corporation and/or soliciting employees of the Corporation until February 28, 2013.

Mr. Heaven's salary continuance at the rate of his last base salary, which was \$223,615, ended on February 28, 2012.

Mr. Moss, through a company on his behalf, entered into a consulting contract with the Corporation on February 22, 2012, which was replaced by an employment contract between Mr. Moss and the Corporation on December 1, 2012. His annual base salary in 2012 was \$250,000 and his annual cash bonus potential is 60% of his base salary. Mr. Moss is prohibited from competing with the Corporation and/or soliciting employees of the Corporation for a period of 12 months following the termination of his employment with the Corporation.

Mr. Hunt entered into an employment agreement with the Corporation on July 1, 2005. His annual base salary in 2012 was \$185,000 and his annual cash bonus potential is 50% of his base salary. Mr. Hunt is prohibited from competing with the Corporation and/or soliciting employees of the Corporation for a period of 12 months following the termination of his employment with the Corporation.

The Corporation entered into service agreement with ALOE Financial Inc. for Mr. Galloro's services on December 1, 2010. ALOE Financial Inc. is compensated at \$8,500 per month and an addition of \$1,500 per quarter.

Mr. Klosa entered into an employment agreement with the Corporation on January 14, 2008. His annual base salary is \$160,000 and his annual cash bonus potential was 40% of his base salary. Mr. Klosa is prohibited from competing with the Corporation and/or soliciting employees of the Corporation for a period of 12 months following the termination of his employment with the Corporation.

Ms. Dealy entered into an employment agreement with the Corporation on August 24, 2010. She resigned from her management position effective May 17, 2013 and remains as a consultant of the Corporation for

a six-month term ended November 17, 2013. Her annual base salary before termination was US\$180,000 with annual cash bonus potential of 50% of her salary. Ms. Dealy is prohibited from competing with the Corporation and/or soliciting employees of the Corporation until May 17, 2014.

### **Indebtedness of Directors, Executive Officers and Others**

At no time since the beginning of the Corporation's last financial year was any director, executive officer, proposed nominee for election as a director, or any of their respective associates indebted to the Corporation or any of its subsidiaries, nor was the indebtedness of any such person to another entity the subject of any guarantee, support agreement, letter of credit or similar arrangement provided by the Corporation or any of its subsidiaries.

### **Director Compensation**

For the year ended December 31, 2012 the Board was composed of a total of six directors. All directors are elected annually. The Corporation's initial six directors were Clifford Hunt, Gary Moss, Justin LaFayette, Howard Atkinson, Sander Shalinsky, and Anthony Miller. Effective October 12, 2012 Justin LaFayette resigned as director and Gerald Quinn was nominated by the Board on November 1, 2012.

For the year ended December 31, 2012 a majority (five of six) of the Corporation's directors were independent. Messrs. LaFayette, Atkinson, Miller, Shalinsky and Quinn were independent directors as contemplated by the CSA Guidelines (i.e. each is independent of management and free from any interest in and any business or other relationship with the Corporation which could reasonably be expected to interfere with the exercise of the director's judgment). Mr. Moss was an independent director as during part of 2012, until he was appointed President and CEO of the Corporation upon Mr. Wambolt's resignation as President and CEO effective February 29, 2012. In determining whether a director is independent, the Board considers the specific circumstances of a director and the nature, as well as materiality, of any relationship between the director and the Corporation.

The Corporation pays compensation to the independent directors only. The independent directors are compensated with an annual cash fee and with long-term incentives in the form of stock options.

There are two permanent Board committees: (i) the Audit Committee; and (ii) the Compensation Committee. The Board may also appoint other temporary or permanent committees from time to time for particular purposes.

#### *Audit Committee*

For the year ended December 31, 2012, Messrs. Atkinson, Miller, and Quinn were members of the Audit Committee, of which Mr. Atkinson was Chairman. Prior to Mr. LaFayette's resignation and Mr. Quinn's nomination, Mr. LaFayette was a member of the Audit Committee. They were all independent directors throughout 2012 for purposes of the Audit Committee. Each of the members of the Audit Committee is financially literate as defined in Multilateral Instrument 52-110.

The Audit Committee assists the Board in carrying out its responsibilities relating to corporate accounting and financial reporting practices. The duties and responsibilities of the Audit Committee include the following:

- reviewing for recommendation to the Board for its approval the principal documents comprising the Corporation's continuous disclosure record, including interim and annual financial statements and management's discussion and analysis;
- recommending to the Board a firm of independent auditors for appointment by the shareholders and reporting to the Board on the fees and expenses of such auditors. The Committee has the authority and responsibility to select, evaluate and if necessary replace the independent auditor. The Committee has the authority to approve all audit engagement fees and terms and the Committee, or a member of the Committee, must review and pre-approve any non-audit services provided to the Corporation by the Corporation's independent auditor and consider the impact on the independence of the auditor;
- reviewing periodic reports from the CFO;
- discussing with management and the independent auditor, as appropriate, any audit problems or difficulties and management's response; and
- establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters.

The Audit Committee maintains direct communication during the year with the Corporation's independent auditor and the Corporation's senior officers responsible for accounting and financial matters.

#### *Compensation Committee*

The Compensation Committee assists the Board in carrying out its responsibilities relating to personnel matters, including performance, compensation and succession. The Compensation Committee is comprised of four independent directors. The members of the Compensation Committee during 2012 were Mr. Miller (Chair), Mr. LaFayette, Mr. Atkinson and Mr. Shalinsky. Upon Mr. LaFayette's resignation as director of the Corporation effective October 12, 2012, Mr. LaFayette resigned from the Compensation Committee and Mr. Quinn was appointed a member of the Compensation Committee.

The Compensation Committee develops annual objectives against which to assess members of management including the President and CEO, and reviews and makes recommendations to the Board with respect to employee and contractor compensation arrangements including stock options and management succession planning.

A part of each meeting is conducted without management present, including for the purpose of specifically discussing the compensation of the Vice Chairman and the President and CEO.

The following table sets forth information concerning compensation to each of the non-executive directors for the most recently completed financial year.

**Director Compensation Table  
for the Year Ended December 31, 2012**

Name	Fees earned <sup>(1)</sup> (\$)	Share-based awards (\$)	Option-based awards <sup>(2)</sup> (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Howard Atkinson	37,500	Nil	6,149	Nil	Nil	Nil	43,649
Justin LaFayette	33,750	Nil	5,124	Nil	Nil	Nil	38,874
Anthony Miller	22,500	Nil	6,149	Nil	Nil	Nil	28,649
Gary Moss <sup>(3)</sup>	30,000	Nil	4,099	Nil	Nil	Nil	34,099
Sander Shalinsky	7,500	Nil	2,050	Nil	Nil	Nil	9,550
Gerald Quinn	3,750	Nil	1,025	Nil	Nil	Nil	4,775

- (1) Each independent director was entitled to earn a fee of \$15,000 in cash per year. Director's fees would be prorated for services performed for partial year. All accrued fees for previous years have been paid out in full by the end of year 2012.
- (2) On December 13, 2012, the Corporation granted each independent director stock options exercisable at \$0.10 per share with an expiry date of December 13, 2017. The number of options granted for each director is as follows: Atkinson 150,000; LaFayette 125,000; Miller 150,000; Moss 100,000; Shalinsky 50,000; Quinn 25,000.
- (3) Gary Moss received a fee of \$30,000 and 100,000 stock options in 2012 for the services he performed as an independent director before he joined the Corporation as President and CEO on February 22, 2012.

## Incentive Plan Awards to Directors

The following table sets forth information for each non-executive director for all awards outstanding at the end of the most recently completed financial year.

### Outstanding Share-Based Awards and Option-Based Awards AS AT DECEMBER 31, 2012

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Howard Atkinson	150,000	\$0.10	December 13, 2017	Nil	Nil	Nil
	100,000	\$0.10	August 18, 2016	Nil	Nil	Nil
	50,000	\$0.10	February 11, 2016	Nil	Nil	Nil
	50,000	\$0.11	November 18, 2014	Nil	Nil	Nil
	50,000	\$0.10	November 19, 2013	Nil	Nil	Nil
Justin LaFayette	125,000	\$0.10	December 13, 2017	Nil	Nil	Nil
	100,000	\$0.10	August 18, 2016	Nil	Nil	Nil
	50,000	\$0.10	February 11, 2016	Nil	Nil	Nil
	50,000	\$0.11	November 18, 2014	Nil	Nil	Nil
	50,000	\$0.10	November 19, 2013	Nil	Nil	Nil
Anthony Miller	150,000	\$0.10	December 13, 2017	Nil	Nil	Nil
	100,000	\$0.10	August 18, 2016	Nil	Nil	Nil
	50,000	\$0.10	February 11, 2016	Nil	Nil	Nil
Gary Moss <sup>(1)</sup>	100,000	\$0.10	December 13, 2017	Nil	Nil	Nil
	100,000	\$0.10	August 18, 2016	Nil	Nil	Nil
	50,000	\$0.10	February 11, 2016	Nil	Nil	Nil
	50,000	\$0.11	November 18, 2014	Nil	Nil	Nil
	50,000	\$0.10	November 19, 2013	Nil	Nil	Nil
Sander Shalinsky	50,000	\$0.10	December 13, 2017	Nil	Nil	Nil
Gerald Quinn	25,000	\$0.10	December 13, 2017	Nil	Nil	Nil

(1) These options were granted to Gary Moss for his services as an independent director. They are also listed in the table "Outstanding Share-Based Awards and Option-Based Awards" for executive officers as he has joined the Corporation as President and CEO on February 22, 2012.

The following table sets forth the value vested or earned from the incentive plan awards to each of the non-executive directors for the most recently completed financial year.

**Incentive Plan Awards – Value Vested or Earned  
DURING THE YEAR ENDED DECEMBER 31, 2012**

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Howard Atkinson	Nil <sup>(1)(2)</sup>	Nil	Nil
Justin LaFayette	Nil <sup>(1)(2)</sup>	Nil	Nil
Anthony Miller	Nil <sup>(1)(2)</sup>	Nil	Nil
Gary Moss	Nil <sup>(1)(2)</sup>	Nil	Nil
Sander Shalinsky	Nil <sup>(3)</sup>	Nil	Nil
Gerald Quinn	Nil <sup>(3)</sup>	Nil	Nil

- (1) 60% of the options granted to each director on February 11, 2011 were vested during the fiscal year of 2012 and all were out of the money as at December 31, 2012.
- (2) 60% of the options granted to each director on August 18, 2011 were vested during the fiscal year of 2012 and all were out of the money as at December 31, 2012.
- (3) Sander Shalinsky and Gerald Quinn did not have options vested during the fiscal year of 2012.

**Directors' and Officers' Liability Insurance**

The Corporation maintains insurance for the benefit of its Directors and Officers against liability in their respective capacities as directors and officers. During the year the Corporation had Directors' and Officers' insurance in place providing \$1 million in coverage for a premium of \$13,500.

**INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Except as otherwise disclosed in this Circular, no insider of the Corporation or proposed nominee for election as a director of the Corporation, nor any of their respective associates or affiliates, has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's last financial year or in any proposed transaction which has materially affected or will materially affect the Corporation or any of its subsidiaries.

Except as otherwise disclosed in this Circular, no person who has been a director or senior officer of the Corporation since the commencement of the Corporation's last financial year, nor any proposed nominee for election as a director of the Corporation, nor any of their respective associates or affiliates, has any material interest, direct or indirect, in any matter to be acted upon at the Meeting.



## ANNUAL MATTERS TO BE VOTED UPON

### 1. Election of Directors

The articles of the Corporation provide that the Board shall consist of a minimum of one and a maximum of ten directors, the number of which may be fixed from time to time by a resolution of the Board. THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY FOR THE MEETING (UNLESS OTHERWISE INSTRUCTED) INTEND TO VOTE FOR the election to the Board of the nominees whose names are set forth below. The number of directors proposed to be elected at the Meeting is six. Shareholders may vote for all of the nominees, some of them and withhold for others, or withhold for all of them. Each director elected will hold office until the next annual meeting or until his successor is duly elected or appointed.

The following table and the notes thereto list certain information concerning the nominees for election as directors of the Corporation. The information as to principal occupations and the number of Common Shares beneficially owned or over which control or direction is exercised by each nominee has been furnished by the respective nominees individually.

NAME, OFFICE AND MUNICIPALITY OR RESIDENCE	DIRECTOR SINCE	Number of Shares Beneficially Owned, Directly or Indirectly, or over which Control or Direction is Exercised	Principal Occupation During the Past Five Years
Gary Moss Director, President, CEO Etobicoke, Ontario	August 25, 2004	2,045,000 <sup>(3)</sup>	President and CEO, YANGAROO; business consultant, former Chief Operating Officer, IMAX Corporation since July 2009; independent consultant since May 1, 2008; Chief Operating Officer, Live Nation Artists (successor to Concert Productions International) since May 2006.
Clifford Gordon Hunt Director, Vice-Chairman, Secretary and COO Mississauga, Ontario	1999	1,904,710 <sup>(4)</sup>	Vice-Chairman, Secretary and COO, YANGAROO
Anthony Miller <sup>(1)(2)</sup> Director, Chairman Toronto, Ontario	September 27, 2010	1,848,000 <sup>(5)</sup>	Chairman, YANGAROO; Director on the board of CARE Canada; Retired, Vice Chair of McCann Worldgroup; Chairman of MacLaren McCann.

Howard John Atkinson <sup>(1)(2)</sup> Director, Toronto, Ontario	November 16, 2007	4,000,000 <sup>(6)</sup>	President, Horizons ETFs Management Inc. (formerly BetaPro Management Inc.) since 2006; CEO, Horizons ETFs Inc. (formerly JovFunds Inc.) 2011-2013, President, 2007 – 2011; President, Alpha Pro Management Inc. 2008 – 2011.
Sander Shalinsky <sup>(2)</sup> Director, Toronto, Ontario	June 27, 2012	3,882,000 <sup>(7)</sup>	Managing Lawyer, Shalinsky & Company LLP (a law firm) from 2008 to present; Trustee of Creative Wealth Monthly Pay Trust (a private mutual fund trust) since April 2011; Lawyer, Sheppard Shalinsky Brown (a law firm) from 2002 to 2008.
Gerald Quinn <sup>(1)(2)</sup> Director, Toronto, Ontario	November 1, 2012	3,750 <sup>(8)</sup>	President, The Erin Mills Investment Corporation since 1989.

Notes:

- (1) Denotes a member or proposed member of the audit committee.
- (2) Denotes a member or proposed member of the compensation committee.
- (3) Addition to the number of shares stated in the above table, Gary Moss holds options to acquire 750,000 shares and warrants to acquire 1,845,000 shares at an average exercise price of \$0.10 per share.
- (4) Addition to the number of shares stated in the above table, Cliff Hunt holds options to acquire 3,852,000 shares and warrants to acquire 245,000 shares at an average exercise price of \$0.10 per share.
- (5) Addition to the number of shares stated in the above table, Anthony Miller holds options to acquire 300,000 shares and warrants to acquire 1,450,000 shares at an exercise price of \$0.10 per share.
- (6) Addition to the number of shares stated in the above table, Howard Atkinson holds options to acquire 400,000 shares and warrants to acquire 1,800,000 shares at an average exercise price of \$0.10 per share.
- (7) Addition to the number of shares stated in the above table, Sander Shalinsky holds options to acquire 50,000 shares and warrants to acquire 3,380,000 shares at an exercise price of \$0.10 per share.
- (8) Addition to the number of shares stated in the above table, Gerald Quinn holds options to acquire 25,000 shares and warrants to acquire 75,000 shares at an exercise price of \$0.10 per share.

The term of office for each director will be from the date of the meeting at which he or she is elected until the next annual meeting or until his or her successor is duly elected or appointed.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE ELECTION OF THE ABOVE-NAMED NOMINEES, UNLESS THE SHAREHOLDER HAS**

**SPECIFIED IN THE PROXY THAT HIS/HER SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF. MANAGEMENT HAS NO REASON TO BELIEVE THAT ANY OF THE NOMINEES WILL BE UNABLE TO SERVE AS A DIRECTOR BUT, IF A NOMINEE IS FOR ANY REASON UNABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE REMAINING NOMINEES AND MAY BE VOTED FOR A SUBSTITUTE NOMINEE UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS/HER SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF THE ELECTION OF DIRECTORS.**

#### **Corporate Cease Trade Orders or Bankruptcies**

None of the directors or officers of the Corporation is, or has been within the ten years before the date of this Circular, a director or officer of any other issuer that, while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the issuer access to any statutory exemptions under Canadian securities legislation for a period of more than 30 consecutive days or was declared 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 that company.

#### **Penalties or Sanctions**

None of the directors or officers of the Corporation has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

#### **Personal Bankruptcies**

None of the directors or officers of the Corporation has, during the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or has 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 the director or officer.

## **2. Appointment of Auditors**

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF COLLINS BARROW TORONTO LLP, CHARTERED ACCOUNTANTS, AS AUDITORS OF THE CORPORATION TO HOLD OFFICE UNTIL THE NEXT ANNUAL MEETING OF SHAREHOLDERS AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THEIR REMUNERATION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS/HER SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.** Collins Barrow Toronto LLP and its affiliates have been the auditors of the Corporation since October 2002.

The aggregate fees billed by Collins Barrow Toronto LLP for audit and audit-related services in relation to the Corporation during the financial year ended December 31, 2012 were \$39,449. The aggregate fees billed by Collins Barrow Toronto LLP for all non-audit services were \$9,455.

## **SPECIAL MATTERS TO BE VOTED UPON**

### **1. Shareholder Rights Plan**

The Corporation had a shareholder rights plan, dated June 17, 2009 (the “Original Rights Plan”). On or about June 28<sup>th</sup>, 2012, the Original Rights Plan expired. On March 13, 2013, the Board adopted a Shareholder Rights Plan (the “Rights Plan”, attached hereto as Schedule “B”) which is similar to the Original Rights Plan. The Rights Plan was adopted to ensure the fair treatment of Shareholders in connection with any take-over bid. The Rights Plan seeks to provide Shareholders with adequate time to properly assess a take-over bid without undue pressure. It also provides the Board with more time to fully consider an unsolicited take-over bid and, if applicable, to explore other alternatives to maximize Shareholder value. The Rights Plan became effective on March 13, 2013 upon adoption by the Board and has received approval from the TSX Venture Exchange, subject to shareholder approval within six (6) months from the date of adoption. The Rights Plan was not adopted in response to any proposal to acquire control of the Corporation.

The Rights Plan is not intended to prevent take-over bids that treat Shareholders fairly. Under the Rights Plan, those bids that meet certain requirements intended to protect the interests of all shareholders are deemed to be “Permitted Bids”. Permitted Bids must be made by way of a takeover bid circular prepared in compliance with applicable securities laws and, among other conditions, must remain open for 60 days. In the event a take-over bid does not meet the Permitted Bid Requirements of the Rights Plan, the rights will entitle shareholders, other than any shareholder or shareholders making the take-over bid, to purchase additional Shares at a substantial discount to the market price of the Shares at that time.

The Corporation and Equity Financial Trust Company (the “Rights Agent”) entered into an agreement (the “Rights Plan”) dated as of April 8, 2013 to implement the Rights Plan. All capitalized terms used in this section of the Circular and not otherwise defined in this Circular have the meanings set forth in the Rights Plan unless otherwise indicated.

At the Meeting, the Shareholders will be asked to consider, and if deemed advisable, approve the following resolution:

#### **“BE IT RESOLVED THAT**

the YANGAROO Shareholder Rights Plan, as described in the Information Circular of the Corporation dated July 12<sup>th</sup>, 2013, be and is hereby ratified and approved.”

In order for the resolution to be passed, approval by the majority of the votes cast by all shareholders, present in person and by proxy at the Meeting, is required.

**THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY, UNLESS OTHERWISE INSTRUCTED, INTEND TO VOTE IN FAVOUR OF THE RESOLUTION APPROVING AND RATIFYING THE YANGAROO SHAREHOLDER RIGHTS PLAN.**

## **2. Confirmation of Advance Notice By-Law Amendment**

### Background

Subject to shareholder confirmation and acceptance by the TSX Venture Exchange, the Board of the Corporation has adopted an amendment to the general by-law of the Corporation to require advance notice to the Corporation in circumstances where nominations of persons for election to the Board are made by shareholders of the Corporation other than pursuant to: (a) a requisition of a meeting made pursuant to the provisions of the *Business Corporations Act* (Ontario) (the "OBCA"), or (b) a shareholder proposal made pursuant to the provisions of the OBCA (the "Advance Notice By-law Amendment"). **The Advance Notice By-law Amendment is not effective unless and until confirmed by a resolution passed by a simple majority of the votes cast by shareholders at the Meeting.** The full text of the Advance Notice By-Law Amendment is set forth in Schedule C of this Information Circular.

### Purpose of the Advance Notice By-Law Amendment

The directors of the Corporation are committed to: (i) facilitating an orderly and efficient annual meeting or, where the need arises, special meeting, process; (ii) ensuring that all shareholders receive adequate notice of the director nominations and sufficient information with respect to all nominees; and (iii) allowing shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation.

The purpose of the Advance Notice By-law Amendment is to provide shareholders, directors and management of the Corporation with a clear framework for nominating directors. The Advance Notice By-law Amendment fixes a deadline by which holders of record of common shares of the Corporation must submit director nominations to the Corporation prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form in order for any director nominee to be eligible for election at any annual or special meeting of shareholders.

### Terms of the Advance Notice By-law

The following information is intended as a brief description of the Advance Notice By-law Amendment and is qualified in its entirety by the full text of the Advance Notice By-law Amendment, a copy of which is attached as Schedule C to this Information Circular. The terms of the Advance Notice By-law Amendment are summarized below:

The Advance Notice By-law Amendment provides that advance notice to the Corporation must be made in circumstances where nominations of persons for election to the Board are made by shareholders of the Corporation other than pursuant to: (i) a "proposal" made in accordance with the OBCA; or (ii) a requisition of the shareholders made in accordance with the OBCA.

Among other things, the Advance Notice By-law Amendment fixes a deadline by which holders of record of Common Shares of the Corporation must submit director nominations to the Secretary of the Corporation prior to any annual or special meeting of shareholders and sets forth the specific information that a shareholder must include in the written notice to the Secretary of the Corporation for an effective

nomination to occur. No person will be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of the Advance Notice By-law Amendment.

In the case of an annual meeting of shareholders, notice to the Corporation must be made not less than 30 nor more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10<sup>th</sup> day following such public announcement.

In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Corporation must be made not later than the close of business on the 15<sup>th</sup> day following the day on which the first public announcement of the date of the special meeting was made.

#### Confirmation of Advance Notice By-law Amendment by Shareholders

If the Advance Notice By-law Amendment is approved at the meeting and accepted by the TSX Venture Exchange, it will become effective and will continue in full force and effect in accordance with its terms and conditions beyond the termination of the meeting. The Board of the Corporation intends to review the by-law amendment from time to time and update it to the extent needed to reflect changes required by securities regulatory agencies or stock exchanges, or so as to meet industry standards.

If the Advance Notice By-law Amendment is not approved at the meeting, the Advance Notice By-law Amendment will not be effective and will be of no further force or effect from and after the termination of the Meeting.

At the Meeting, shareholders will be asked to approve the following by ordinary resolution (the “Advance Notice By-law Resolution”):

“**BE IT RESOLVED**, as an ordinary resolution of the shareholders of the Corporation, that:

1. Subject to acceptance by the TSX Venture Exchange, the amendment to general By-law No. 1 of the Corporation, as set out in Schedule D of the Information Circular of the Corporation dated July 12<sup>th</sup>, 2013, is hereby confirmed without amendment; and
2. Any one director or officer of the Corporation be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Corporation or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolution.”

**THE CORPORATION’S BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE “FOR” THE APPROVAL OF THE ADVANCE NOTICE BY-LAW RESOLUTION. IN THE ABSENCE OF A CONTRARY INSTRUCTION, THE PERSONS DESIGNATED BY MANAGEMENT OF THE CORPORATION IN THE ENCLOSED FORM OF PROXY INTEND TO VOTE FOR THE APPROVAL OF THE ADVANCE NOTICE BY-LAW RESOLUTION.**

### 3. Confirmation of Notice-and-Access By-Law Amendment

#### Background

In late 2012, the Canadian Securities Administrators adopted amendments to National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer (“NI 54-101”) and National Instrument 51-102 Continuous Disclosure Obligations (“NI 51-102”) that provide eligible reporting issuers with a voluntary notice-and-access mechanism to send proxy-related materials to registered and beneficial owners of securities (“Notice-and-Access”). Under Notice-and-Access, provided that Shareholders are appropriately notified, proxy-related materials may be posted on a website, other than and in addition to SEDAR, instead of being sent to Shareholders by mail.

#### Purpose of the Notice-and-Access By-Law Amendment

Presently, the Corporation’s By-Law No. 1 (the “By-Laws”) does not clearly allow for delivery of information to registered shareholders by the means contemplated by Notice-and-Access. Therefore, the Corporation proposes to modify the method of notice delivery section of By-Law No. 1 (section 12.1) to also allow delivery of notices, communications and documents to Shareholders by electronic means and other means permitted by applicable securities laws (for example, via Notice- and-Access). Further, the Corporation proposes to modify the sections related to the timing of notice of the By-Law No. 1 (sections 9.4 and 9.6) to allow for delivery of notices within the timeframes provided for by applicable Notice-and-Access requirements. See Schedule “D” for the full text of the proposed changes. Management believes that updating By-Law No. 1 to permit electronic delivery and delivery via Notice-and-Access will result in cost-savings for the Corporation.

#### Confirmation of the Notice-and-Access By-law Amendment by Shareholders

If the Advance Notice By-law Amendment is approved at the meeting and accepted by the TSX Venture Exchange, it will become effective and will continue in full force and effect in accordance with its terms and conditions beyond the termination of the meeting. The Board of the Corporation intends to review the by-law amendment from time to time and update it to the extent needed to reflect changes required by securities regulatory agencies or stock exchanges, or so as to meet industry standards.

If the Advance Notice By-law Amendment is not approved at the meeting, the Advance Notice By-law Amendment will not be effective and will be of no further force or effect from and after the termination of the Meeting.

“**BE IT RESOLVED**, as an ordinary resolution of the shareholders of the Corporation, that:

1. Subject to acceptance by the TSX Venture Exchange, the amendment to general By-law No. 1 of the Corporation, as set out in Schedule D of the Information Circular of the Corporation dated June 12<sup>th</sup>, 2013, is hereby confirmed without amendment; and
2. Any one director or officer of the Corporation be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Corporation or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolution.”

**THE CORPORATION’S BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE “FOR” THE APPROVAL OF THE NOTICE-AND-ACCESS BY-LAW RESOLUTION. IN**

**THE ABSENCE OF A CONTRARY INSTRUCTION, THE PERSONS DESIGNATED BY MANAGEMENT OF THE CORPORATION IN THE ENCLOSED FORM OF PROXY INTEND TO VOTE FOR THE APPROVAL OF THE ADVANCE NOTICE BY-LAW RESOLUTION.**

#### **4. Confirmation of Amendment of Stock Option Plan**

The shareholders of the Corporation approved the current form of stock option plan at a meeting of shareholders held on August 22, 2003 (the “Stock Option Plan”). The Stock Option Plan was last amended on January 20, 2011, and received approval and ratification at a meeting of shareholders held on January 11, 2012.

The Corporation has amended the Stock Option Plan to provide for a “rolling” plan as opposed to a “fixed” plan, the latter which has been in place from the date of adoption, as amended.

The TSX Venture Exchange (the “Exchange”) requires that all listed companies with a 10% “rolling” stock option plan, similar to the Stock Option Plan, obtain shareholder approval of the plan upon initial adoption of the “rolling” plan and thereafter on an annual basis. Accordingly, the Shareholders will be asked to approve and ratify the Stock Option Plan, as amended.

The Stock Option Plan was established to provide an incentive to the directors, officers, employees, consultants and other personnel of the Corporation and any of its subsidiaries to achieve the longer-term objectives of the Corporation, to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation and to attract and retain in the employ of the Corporation, or any of its subsidiaries, persons of experience and ability by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

The Stock Option Plan is administered by the Board or, if the Board so delegates, a committee of directors appointed from time to time by the Board. In administering the Stock Option Plan, the Board or committee, as the case may be, may select participants to whom options are granted, determine the terms relating to options, including the number of Common Shares subject to option, the exercise price, the expiration date of each option and any vesting limitations.

The Stock Option Plan provides that the Board or committee may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation, or its subsidiaries, non-transferable options to purchase Common Shares provided that the number of Common Shares reserved for issuance under the Stock Option Plan does not exceed 10% of the issued and outstanding Common Shares at the time of grant, including shares issuable pursuant to the exercise of issued options, exercisable for a period of up to ten years from the date of grant. 10% of the Corporation’s 163,244,771 currently issued and outstanding shares is 16,324,477.

Notwithstanding the non-transferability of the options, optionees may assign their options to a corporation wholly-owned by the optionee or a registered retirement savings plan or registered income fund established by and where the sole beneficiary is the optionee.

In addition, the number of Common Shares reserved for issuance in any 12 month period to any one person may not exceed 5% of the issued and outstanding Common Shares (unless the Corporation is a Tier 1 issuer and has obtained disinterested shareholder approval) and the number of Common Shares reserved for issuance in any 12 month period to any one technical consultant may not exceed 2% of the issued and outstanding Common Shares.

Aside from the amendment to a “rolling” plan, the Stock Option Plan has been amended to include more detail as are set out in TSX Venture Exchange Policy 4.4, which governs Stock Option Plans for issuers



listed on the TSX Venture Exchange. Specifically, details with respect to the Exchange Hold Period (as defined in TSX Venture Exchange Policy 1.1, have been included, as well as details with respect to situations that do and don't require shareholder and/or TSX Venture Exchange approval. A copy of the amended Stock Option Plan is attached as Schedule "E" of the Corporation's information circular dated July 12<sup>th</sup>, 2012.

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, approve the following resolution:

**"BE IT RESOLVED THAT**

subject to receipt of approval of the TSX Venture Exchange, the amended Stock Option Plan, as described in the Information Circular of the Corporation dated July 12<sup>th</sup>, 2013, be and is hereby ratified and approved."

In order for the resolution to be passed, approval by the majority of the votes cast by all shareholders, present in person and by proxy at the Meeting, is required.

**THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY, UNLESS OTHERWISE INSTRUCTED, INTEND TO VOTE IN FAVOUR OF THE RESOLUTION APPROVING AND RATIFYING THE STOCK OPTION PLAN.**

## **5. Confirmation of Share Consolidation**

### **Basis of the Share Consolidation**

In connection with completion of the subscription receipt financing (the "Financing") and overall debt reduction strategy (the "Debt Reduction") announced on July 3, the Corporation is seeking shareholder re-approval of the Share Consolidation (as defined below), which had been previously approved at the Annual and Special Meeting of the Shareholders on January 11, 2012. The Board is required to act in the best interests of the Corporation with respect to the timing of the implementation of the Share Consolidation, and the Board proposes that implementing the Share Consolidation concurrently with the Financing and the Debt Reduction in an integrated approach to financing and debt reduction is in the best interests of the Corporation.

The Financing is being offered on a subscription receipts basis subject to the satisfaction of certain escrow release conditions comprising the Debt Reduction, and is scheduled to close on the later of: a) the acquisition of CAD \$750,000; b) July 23<sup>rd</sup>, 2013, but in any event no later than August 12<sup>th</sup>, 2013. The Debt Reduction will consist of amendments to the debenture agreements currently outstanding, subject to debenture holder approval, as well as shares for debt transactions for all or part thereof, subject to TSX Venture Exchange approval. Details of the Financing and the Debt Reduction were disclosed in the news release announced by the Corporation on July 3, 2013, and further details are provided below under "Additional Information".

The Share Consolidation is one of the escrow release conditions under the Financing. Therefore, if it is not approved by the shareholders and/or the TSX Venture Exchange, the Financing will not be completed

as the escrow release conditions will not have been satisfied, and the Debt Reduction will also not be completed. As the Share Consolidation is a significant condition precedent to completion of the Financing, and the Financing is integral to the Corporation's business plan, the Board unanimously endorses the Share Consolidation and recommends that Shareholders approve the proposed special resolution authorizing the Share Consolidation.

Shareholders will be asked at the Meeting to consider and approve the consolidation of the issued and outstanding common shares of the Corporation ("Common Shares") on the basis of one (1) new Common Share for each ten (10) existing Common Shares (the "Share Consolidation"). The Board believes that it is in the best interests of shareholders of the Corporation for the Board to have the authority to implement the Share Consolidation for the following reasons:

- **Raising the Corporation's share price to more attractive levels:** A higher share price and lower number of shares outstanding would return the Corporation's share price and number of shares outstanding to a level that is more typical of companies within the Corporation's peer group.
- **Reduction of shareholder transaction costs:** The Corporation's shareholders may benefit from relatively lower trading costs associated with a higher share price. It is likely that many investors pay commissions based on the number of Common Shares traded when they buy or sell the Corporation's Common Shares. If the share price were higher, investors may pay lower commissions to trade a fixed dollar amount than they would if the Corporation's share price is lower. In addition, banks and brokerage houses are more likely to allow a higher priced stock to be used as collateral for loans.
- **Improved trading liquidity:** The combination of potentially lower transaction costs and increased interest from institutional investors and investment funds could ultimately improve the trading liquidity of the Corporation's Common Shares.

The Share Consolidation must be approved by a resolution ("Share Consolidation Resolution") passed by a majority of not less than two-thirds (2/3s) of the votes cast by the Shareholders who vote in respect of the resolution at the Meeting.

In the event that the Share Consolidation would otherwise result in a Shareholder holding a fraction of a Common Share, each fractional Common Share that is less than one-half (1/2) of one (1) Common Share will be cancelled, without any compensation therefor and each fractional Common Share that is at least one-half (1/2) of one (1) Common Share will be changed to one (1) whole Common Share. Notwithstanding the approval of the proposed Share Consolidation by the Shareholders, the Board, in its sole discretion, may revoke the Share Consolidation Resolution, and abandon the Share Consolidation without further approval or action by, or prior notice to the Shareholders.

### **Risks Associated with the Share Consolidation**

There can be no assurance that the market price of the consolidated Common Shares will increase as a result of the Share Consolidation. The marketability and trading liquidity of the consolidated Common

Shares may not improve. The Share Consolidation may result in some Shareholders owning “odd lots” of less than 500 Common Shares, which may be more difficult for such Shareholders to sell or which may require greater transaction costs per share to sell.

### **Principal Effects of the Share Consolidation**

The principal effects of the Share Consolidation include the following:

- the fair market value of each Common Share may increase and will, in part, form the basis upon which further Common Shares or other securities of the Corporation will be issued;
- the number of issued and outstanding Common Shares will be significantly reduced from 163,244,771 Common Shares to approximately 16,324,477 Common Shares;
- the exercise prices and the number of Common Shares issuable upon the exercise or deemed exercise of any stock options and warrants of the Corporation will be automatically adjusted based on the Share Consolidation; and
- as the Corporation currently has an unlimited number of Common Shares authorized for issuance, the Share Consolidation will not have any effect on the number of Common Shares available for issuance.

### **Effect on Fractional Shareholders**

No fractional Common Shares will be issued if, as a result of the Share Consolidation, a Shareholder would otherwise become entitled to a fractional Common Share. Each fractional Common Share that is less than one-half (1/2) of one (1) Common Share will be cancelled, without any compensation therefor. Each fractional Common Share that is at least one-half (1/2) of one (1) Common Share will be changed to one (1) whole Common Share.

### **Effect on Common Share Certificates**

If the Share Consolidation is approved by the Shareholders and implemented by the Board, the registered Shareholders will be required to exchange their existing share certificates representing pre-consolidation Common Shares for new share certificates representing post-consolidation Common Shares. Accordingly, a letter of transmittal has been sent together with this Notice and Information Circular dated July 12<sup>th</sup>, 2013 and Shareholders will be requested to deliver such letter and their Common Share certificates to the Corporation’s depository, Equity Financial Trust Company (“Equity”), located at Suite 400, 200 University Ave, Toronto, Ontario, Canada M5H 4H1. Please see the letter of transmittal for delivery instructions and contact details. The letter of transmittal will contain instructions on how to surrender share certificate(s) representing pre-consolidation Common Shares to Equity, as depository. Equity will forward to each registered Shareholder who has sent the required documents a new share certificate representing the number of post-consolidation Common Shares to which the Shareholder is entitled. Until surrendered, each share certificate representing pre-consolidation Common Shares will be deemed for all purposes to represent the number of whole post-consolidation Common Shares to which the holder is entitled as a result of the Share Consolidation.

If your Common Shares are registered either: (a) in the name of an intermediary (“Intermediary”) with which you deal in respect of your Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees of self-administered registered retirement savings plans, registered retirement income funds, registered educational savings plans and similar plans); or (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant, you will not receive a letter of transmittal and you are not being asked to return any share certificate(s).

### **Procedure for Implementing the Share Consolidation**

If the Share Consolidation Resolution is approved by the Shareholders, receives requisite regulatory approval and the Board decides to implement the Share Consolidation, the Corporation will file Articles of Amendment pursuant to the *Business Corporations Act* (Ontario) (“OBCA”) to amend the Articles of the Corporation. Such Articles of Amendment shall be filed at a date to be determined by the Board to be in the best interests of the Corporation. The Share Consolidation will become effective on the date shown in the Certificate of Amendment issued pursuant to the OBCA.

### **Lost Certificates**

In the event that a Shareholder’s share certificate(s) has been lost, stolen or destroyed, the holder shall deliver to Equity, in addition to a properly completed letter of transmittal:

- (a) an affidavit of the fact that the certificate has been lost, stolen or destroyed; and
- (b) a surety bond satisfactory to Equity and to the Corporation in such sum as it may direct or such person otherwise indemnifies Equity and the Corporation in a manner satisfactory to each against any claim that may be made with respect to the certificate alleged to have been lost, stolen or destroyed.

More information is provided in the letter of transmittal.

### **No Dissent Rights**

Under the OBCA, Shareholders do not have any dissent and appraisal rights with respect to the proposed Share Consolidation.

### **TSXV Approval**

The Share Consolidation remains subject to the approval of the TSX Venture Exchange.

### **Share Consolidation Resolution**

The OBCA requires that the Share Consolidation Resolution must be approved by a majority of not less than two-thirds (2/3s) of the votes cast by the Shareholders who vote either in person or by proxy at the

Meeting. Unless otherwise indicated, the persons named in the accompanying form of proxy intend to vote FOR the Share Consolidation Resolution which reads as follows.

**“BE IT RESOLVED THAT:**

1. the Articles of Incorporation of the Corporation, as amended, be amended to change the number of issued and outstanding common shares of the Corporation (the “Common Shares”) by consolidating (the “Share Consolidation”) the issued and outstanding Common Shares on the basis of one (1) new Common Share for each ten (10) existing Common Shares or for such other lesser whole or fractional number of existing Common Shares that the board of directors of the Corporation (the “Board”), in its sole discretion, determines to be appropriate and, in the event that the Share Consolidation would otherwise result in a holder of Common Shares (a “Shareholder”) holding a fraction of a Common Share, each fractional Common Share that is less than one-half (1/2) of one (1) Common Share will be cancelled, without any compensation therefor and each fractional Common Share that is at least one-half (1/2) of one (1) Common Share will be changed to one (1) whole Common Share; such amendment to become effective at a date in the future to be determined by the Board when the Board considers it to be in the best interests of the Corporation to implement the Share Consolidation;
2. any director or officer of the Corporation is authorized and directed for and in the name of and on behalf of the Corporation to execute and deliver or cause to be delivered Articles of Amendment under the *Business Corporations Act* (Ontario) and to execute and deliver or cause to be delivered all documents and to take any action which, in the opinion of that person, is necessary or desirable to give effect to this resolution;
3. notwithstanding that this resolution has been duly passed by the Shareholders, the Board may in its sole discretion revoke this resolution in whole or in part at any time prior to its being given effect without further notice to, or approval of, the Shareholders; and
4. any one director or officer of the Corporation be and the same is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed, whether under corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing.”

**For the reasons indicated above, the Board believes that the proposed Share Consolidation Resolution is in the best interests of the Corporation and its shareholders and therefore unanimously recommends that Shareholders vote in favour of this resolution.**

In order for the resolution to be passed, approval by the majority of the votes cast by all shareholders, present in person and by proxy at the Meeting, is required.

**THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY, UNLESS OTHERWISE INSTRUCTED, INTEND TO VOTE IN FAVOUR OF THE RESOLUTION APPROVING AND RATIFYING THE SHARE CONSOLIDATION.**

#### **OTHER MATTERS WHICH MAY COME BEFORE THE MEETING**

The management knows of no matters to come before the Meeting other than as set forth in this Circular. **HOWEVER, IF OTHER MATTERS WHICH ARE NOT KNOWN TO THE MANAGEMENT SHOULD PROPERLY COME BEFORE THE MEETING, THE ENCLOSED FORM OF PROXY WILL BE USED TO VOTE ON SUCH MATTERES IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE PROXY.**

#### **ADDITIONAL INFORMATION**

Additional financial information for the Corporation is available in the Corporation's audited financial statements for the year ended December 31, 2012 and related management's discussion and analysis for the year ended December 31, 2012, which have been filed with Canadian securities regulators and are available under the Corporation's profile at [www.sedar.com](http://www.sedar.com).

On April 17, 2012, the Corporation announced a Private Placement of a minimum of \$1,250,000 and up to a maximum of \$2,000,000 in units. Each unit consists of one common share in the capital stock of the Corporation and one warrant, entitling the subscriber to purchase an additional share at \$0.10 per share within 36 months of closing. The Corporation would issue the units at \$0.05 per unit, resulting in the issue of a minimum of 25,000,000 shares and up to a maximum of 40,000,000 shares upon closing, non-diluted.

The Corporation closed the first phase of the above mentioned Private Placement on September 7, 2012 and the second and final phase on October 3, 2012, raising aggregate gross proceeds of \$1,268,783 with 25,375,652 units between Phase 1 and Phase 2, with \$375,000 invested by the Corporation's insiders. Fraser Mackenzie Limited acted as the agent for the Private Placement and received in consideration for its services a cash commission and advisory fees equal to \$91,900 and 738,000 warrants entitling them to purchase 738,000 common shares at an exercise price of \$0.10 per share, for a period of two years from the closing date of Phase 2. As a result of closing the Private Placement on October 3, 2012 and achieving the minimum threshold of \$1,250,000, the existing debenture holders of the Corporation have consented to the amending of their existing debenture agreements. The key amendments include lowering the interest rate from 18% to 14% and extending the repayment date of the existing debentures for an additional three years, all as of the closing date of the Private Placement. The interest will accrue throughout the amended term and is payable with the redemption of the principal portion of the debenture.

On December 6, 2012, the Corporation granted stock options in accordance with its Stock Option Plan to certain of its directors and officers for their outstanding services to the Corporation. An aggregate of 3,577,742 Options were granted, whereby each Option entitles the holder to purchase one common share

of the Corporation at \$0.10, and the Options shall expire 60 months from the date of issuance. Directors were granted 600,000 Options for services rendered to the Corporation since July 2011, an annual equity compensation it hopes to award on a going forward basis each fiscal year. Officers were granted the remaining 2,977,742 Options as incentive for their continued service and commitment to the Corporation's growth. Also, the Corporation announced that it had received additional commitments to the Private Placement announced on April 17, 2012 and would issue units with the same terms. On December 13, 2012, the Corporation closed the additional Private Placement, raising \$315,000 with 6,300,000 units, of which \$140,000 was invested by the Corporation's insiders. Fraser Mackenzie Limited acted as the agent and received in consideration for its services a cash commission of \$9,200 and 184,000 warrants entitling them to purchase 184,000 common shares at an exercise price of \$0.10 per share, for a period of two years from the closing date of this additional Private Placement.

On December 11, 2012, the Corporation announced the launch of the industry's first fully automated Traffic Management System called "Reporter" within its digital media distribution system. The new service now merges personalized traffic instructions with a signed and date stamped confirmation that traffic instructions have been received, increasing the likelihood that spots will air correctly. The first of its kind, The Traffic Management System "Reporter", streamlines communication between major agencies and buying services to broadcasters. The fully automated solution eliminates time-consuming manual processes of call outs to broadcasters and alleviates concerns of lost instructions or non-compliance.

On January 16, 2013, the Corporation and The Latin Recording Academy® entered into a multi-year agreement to digitize the process of Latin GRAMMY Awards submissions and provide its international membership the ability to listen to music considered for the world's premier Latin music award. A web-based digital solution, YANGAROO Awards, which is powered by YANGAROO's Digital Media Distribution System (DMDS) platform, is an end-to-end solution that instantly and securely connects artists, judges, event organizers, and auditors. It streamlines every element of award show management, including nominations, committee review, voting, results tabulation, and auditing.

On February 5, 2013, the Corporation announced a multi-year, multiplatform deal to provide The National Academy of Television Arts & Sciences (NATAS) with a digital method for determining Emmy® winners beginning with News & Documentary Awards on October 1st of this year followed by others in 2014. Through the Corporation's YANGAROO Awards digital platform, entries will be submitted, content under consideration will be reviewed, and ultimately, judges will electronically cast their ballots. Marking YANGAROO's most comprehensive partnership to date, the relationship with NATAS will collectively involve over 3,500 submissions in 149 various categories with over 6000 hours of video all reviewed and voted on by 1,750 judges.

On March 15, 2013, the Corporation's Board of directors adopted a renewed Shareholder Rights Plan following its expiration. The Rights Plan has received conditional approval from the TSX Venture Exchange. The Rights Plan is substantially similar to the Corporation's previous Shareholder Rights Plan, ratified by the shareholders in June 2009. The Corporation has not received a take-over bid, and a copy of the Rights Plan is available on SEDAR. Although effective immediately, the Rights Plan will be

presented to the shareholders for ratification at the Corporation's Annual General and Special Meeting to be held in June 2013.

On April 11, 2013, the Corporation announced a multi-year, comprehensive partnership with New York based USA Studios, a leading provider of postproduction and distribution services for brands and agencies. As a result of the partnership, YANGAROO and USA will jointly sell and market their services, using YANGAROO's leading digital distribution technology and USA's full spectrum of capabilities to drive growth and revenue. At the same time, YANGAROO and USA will benefit by being integrated into each other's workflows and that of their customers as well as from opportunities for collaborative, customer-centric product development.

On April 29, 2013, the Corporation announced the resignation of Karen Dealy, President, Advertising Operations. Effective May 17, 2013, Dealy will continue to serve as a consultant to the Corporation as YANGAROO further grows its advertising business. The Corporation has not announced plans for a replacement.

On May 8, 2013, the Corporation announced the launch of its Digital Media Distribution System (DMDS) platform API. It enables advertising agencies and broadcasters to digitally transport the data from their media and traffic management systems into DMDS. This eliminates the need to re-key data, reduces the potential for error in the distribution process, and makes it easier for partners, customers and broadcasters to integrate with YANGAROO while maintaining their existing systems and workflows.

On May 17, 2013, the customer claim disclosed in the audited financial statements for the year ended December 31, 2012 was resolved with no financial impact on the Corporation.

On June 4, 2013, the Corporation announced a dynamic new partnership with the Academy of Canadian Cinema & Television. YANGAROO will provide, maintain and host a digital awards system for the Academy, allowing Canadian Screen Awards entrants to submit their projects online, including the secure uploading of films, television shows, digital media productions, trailers, photos and more.

On July 3, 2013, the Corporation announced the Financing and the Debt Reduction, as defined and described above in the context of the Share Consolidation.

The Financing is expected to close on the later of: a) the acquisition of CAD \$750,000; b) July 23<sup>rd</sup>, 2013, but in any event no later than August 12<sup>th</sup>, 2013. The Corporation is offering a minimum of CAD \$750,000 and up to CAD \$1,250,000 in subscription receipts (the "Subscription Receipt(s)") at \$0.25, post-consolidation, per Subscription Receipt, each representing the right of the subscriber to receive, without payment of additional consideration or further action on the part of the Subscriber, upon satisfaction of the Release Conditions (as defined below) one common share of the Corporation (each a "Common Share") and one warrant (each a "Warrant"), in accordance with the Subscription Receipt Agreement to be entered into between the Corporation, Equity Financial Trust Corporation ("Equity") as the subscription receipt/escrow agent, and Frasier Mackenzie Limited as the broker/agent on or about July 12, 2013. Each Warrant will entitle the subscriber, upon exercise, to purchase one Common Share during a period of thirty-six (36) months following the date of issuance of such Warrant, at a price of \$0.25



within the first year of the thirty-six (36) month period and at a price of \$0.35 within the second and third years thereof.

The proceeds from the Subscription Receipts shall be held in escrow by Equity y until certain conditions precedent (the “Release Conditions”) have been satisfied, which shall include:

1. the completion of the Share Consolidation;
2. the completion of a shares for debt transaction, whereby the Corporation intends to undergo a transaction, subject to regulatory approval, to reduce the existing debt of the Corporation (approximately CAD \$6,100,000 as at July 12<sup>th</sup>, 2013) with certain or all of its existing debenture holders, whereby each debenture holder, under such transaction, will receive one Common Share for each \$0.25 (post-consolidation) of debt, the conversion of 40% or greater of the outstanding debt being one of the Release Conditions, and which is proposed to occur following the Share Consolidation;
3. the amendment of the existing debenture agreements to reflect a decrease of the interest rate from 14% to 10%, an extension of the term to provide for an additional 12 months, subject to the Corporation’s right of prepayment, and a removal of the entitlement of existing debenture holders to receive 25% of funds raised pursuant to any and all future debt, equity or equity like-offerings, including Financing, subject to a 66 2/3 % approval of the holders of each of the three (3) previous offerings of debentures. The existing debenture holders have a right of first refusal to participate in the Financing.

Upon request made to the Chairman of the Corporation at 18 Mowat Avenue, Toronto, ON M6K 3E8 the Corporation will provide a shareholder of the Corporation with a copy of its audited financial statements for the year ended December 31, 2012 and related management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2012.

#### **APPROVAL BY BOARD OF DIRECTORS**

The contents and the sending of this Circular have been approved by the board of directors of the Corporation.

**DATED** at Toronto, this 12<sup>th</sup> day of July, 2013.

**By Order of the Board of directors**

(Signed) “Clifford Hunt”

Vice-Chairman

## **SCHEDULE “A”**

### **YANGAROO Inc. Audit Committee – Terms of Reference**

The purpose of the Audit Committee shall be to assist the Board in its oversight of the integrity of the financial statements of the Corporation, of the Corporation's compliance with legal and regulatory requirements, of the independence and qualification of the independent auditors, and of the performance of the Corporation's internal audit function and independent auditors.

#### **CHAIR**

The Board appoints or re-appoints the Chair of the Committee annually when it completes the appointments for all Board committee members following the Annual General Meeting of shareholders. In selecting the Chair, the Board takes into consideration those directors who bring background skills and experience relevant to financial statement review and analysis. The Chair shall also be “financially literate” as such term is defined under applicable Canadian regulatory requirements.

The Chair shall provide leadership to Committee members in fulfilling the mandate set out in these terms of reference. He or she shall work with the Chief Executive Officer and the Chairman of the Board in planning Committee meetings and agendas. The Chair of the Committee reports to the Board on behalf of the Committee on the matters and issues covered or determined at each Committee meeting.

#### **RESPONSIBILITIES**

In assisting the Board in fulfilling its responsibilities relating to the Corporation's corporate accounting and reporting practices the Audit Committee shall:

1. review and discuss with management and the independent auditors the annual audited financial statements, the quarterly financial statements, Management's Discussion and Analysis accompanying such financial statements and any other matter required to be reviewed under applicable legal, regulatory or stock exchange requirements, and report thereon to the Board;
2. review the results of the external audits and any changes in accounting practices or policies and the financial statement impact thereof;
3. review the terms of engagement and audit plans of the external auditors and determine through discussion with the auditors that no restrictions were placed by management on the scope of their examination or on its implementation;
4. assess management's programs and policies regarding the adequacy and effectiveness of internal controls over the accounting and financial reporting system within the Corporation;
5. recommend to the Board a firm of independent auditors for appointment by the shareholders and report to the Board on the fees and expenses of such auditors. The Committee shall have the authority and responsibility to select, evaluate and if necessary replace the independent auditors. The

Committee shall have the authority to approve all audit engagement fees and terms and the Committee, or a member of the Committee, must review and pre-approve any non-audit service provided to the Corporation by the Corporation's independent auditors and consider the impact on the independence of the auditors;

6. enquire into and report regularly to the Board, with associated recommendations, on any matter referred to the Committee;
7. discuss with management and the independent auditors, as appropriate, earnings press releases and any financial information and earnings guidance provided to analysts and rating agencies;
8. discuss with management and the independent auditors, as appropriate, any audit problems or difficulties and management's response, and the Corporation's risk assessment and risk management policies, including the Corporation's major financial risk exposure and steps taken by management to monitor and mitigate such exposure;
9. obtain and review at least annually a formal written report from the independent auditors delineating the auditing firm's procedures for reviewing internal controls and any material issues raised by (i) the auditing firm's internal quality-control reviews, (ii) peer reviews of the firm, or (iii) any governmental or other inquiry or investigation relating to any audit conducted by the firm. The Committee will also review steps taken by the auditing firm to address any findings in any of the foregoing reviews. Also, in order to assess auditor independence, the Committee will review at least annually all relationships between the independent auditors and the Corporation;
10. prepare and publish an annual Committee report in the Corporation's proxy circular;
11. conduct an annual self-evaluation in respect of the effectiveness of the Committee;
12. set clear hiring policies for employees or former employees of the independent auditors; and
13. establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

The Committee shall hold in camera sessions without members of management as frequently as is determined necessary by the Committee members.

The Committee shall have authority to retain such outside counsel, experts and other advisors as the Committee may deem appropriate in its sole discretion. The Committee shall have sole authority to approve related fees and retention terms.

The Committee shall meet separately with the Corporation's independent auditors at least on an annual basis and more often as determined necessary by the Committee members.

The Committee shall review at least annually the adequacy of this charter and recommend any proposed changes to the Board for approval.

**Committee Composition:** Three or more members, of which the majority shall be independent directors. All members shall have sufficient financial experience, financial literacy and ability to enable them to discharge their responsibilities.

**Quorum:** Majority of members.

**SCHEDULE “B”**

**YANGAROO Inc.**

**SHAREHOLDER RIGHTS PLAN**

**[attached]**

**SCHEDULE “C”**

**YANGAROO Inc.**

**BY-LAW AMENDMENT – ADVANCE NOTICE**

**[see attached]**

## BY-LAW NUMBER 1A

**BE IT ENACTED AND IT IS HEREBY ENACTED** as a by-law of YANGAROO Inc. (hereinafter called the “**Corporation**”) as follows:

### **ADVANCE NOTICE OF NOMINATIONS OF DIRECTORS**

1. By-law Number 1 of the by-laws of the Corporation is hereby amended by adding thereto, following section 3.03 thereof and preceding section 3.04 thereof, the following:

**“3.03A Nomination of Directors.** – Subject only to the Act, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the Board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors, (a) by or at the direction of the Board or an authorized officer of the Corporation, including pursuant to a notice of meeting, (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of the shareholders made in accordance with the provisions of the Act or (c) by any person (a “Nominating Shareholder”) (i) who, at the close of business on the date of the giving of the notice provided for below in this section 3.03A and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and (ii) who complies with the notice procedures set forth below in this section 3.03A:

- (A) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, such person must have given timely notice thereof in proper written form to the Secretary of the Corporation at the principal executive offices of the Corporation in accordance with this section 3.03A.
- (B) To be timely, a Nominating Shareholder’s notice to the Secretary of the Corporation must be made (a) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than 50 days after the date (the “Notice Date”) on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10<sup>th</sup>) day following the Notice Date; and (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15<sup>th</sup>) day following the day on which the first public announcement of the date of the special meeting of shareholders was made. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this paragraph (B). In no event shall any adjournment or postponement of a Meeting of Shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder’s notice as described above.
- (C) To be in proper written form, a Nominating Shareholder’s notice to the Secretary of the Corporation must set forth (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the Meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice and (iv) any other

information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws; and (b) as to the Nominating Shareholder giving the notice, any information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws.

- (D) No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this section 3.03A; provided, however, that nothing in this section 3.03A shall be deemed to preclude discussion by a shareholder (as distinct from nominating directors) at a Meeting of Shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
  - (E) For purposes of this section 3.03A, (i) "public announcement" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and (ii) "Applicable Securities Laws" means the *Securities Act* (Ontario) and the equivalent legislation in the other provinces and in the territories of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each of the provinces and territories of Canada.
  - (F) Notwithstanding section 12.01, notice given to the Secretary of the Corporation pursuant to this section 3.03A may only be given by personal delivery, facsimile transmission or by email, and shall be deemed to have been given and made only at the time it is served by personal delivery, email or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Toronto time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.
2. By-law Number 1, as amended from time to time, of the by-laws of the Corporation and this by-law shall be read together and shall have effect, so far as practicable, as though all the provisions thereof were contained in one by-law of the Corporation. All terms contained in this by-law which are defined in By-law Number 1, as amended from time to time, of the by-laws of the Corporation shall, for all purposes hereof, have the meanings given to such terms in the said By-law Number 1 unless expressly stated otherwise or the context otherwise requires.



**SCHEDULE “C”**

**YANGAROO Inc.**

**BY-LAW AMENDMENT – ADVANCE NOTICE**

**[see attached]**

## BY-LAW NUMBER 1

**BE IT ENACTED AND IT IS HEREBY ENACTED** as a by-law of YANGAROO Inc. (hereinafter called the “**Corporation**”) as follows:

### NOTICE OF MEETINGS

1. By-law Number 1 of the by-laws of the Corporation is hereby amended by deleting section 9.04 and the following is substituted therefor (amended language is **bolded and underlined**):

#### 9.4 Notice of Meetings

Notice of the time and place of each meeting of shareholders shall be given in the manner provided in paragraph 12.01 not less than 10 days nor more than **65** days before the date of the meeting to each director, to the auditor and to each shareholder who at the close of business on the record date for notice is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditor's report, election of directors and reappointment of the incumbent auditor shall state or be accompanied by a statement of the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and the text of any special resolution or by-law to be submitted to the meeting. A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of or otherwise consent to a meeting of shareholders.

2. By-law Number 1 of the by-laws of the Corporation is hereby amended by deleting section 9.06 and the following is substituted therefor:

#### 9.6 Record Date for Notice

The board may fix in advance a date, preceding the date of any meeting of shareholders by not more than **65** days and not less than 20 days, as a record date for the determination of the shareholders entitled to notice of the meeting provided that notice of any such record date shall be given not less than seven days before such record date by newspaper advertisement in the manner provided in the Act and, if any shares of the Corporation are listed for trading on a stock exchange in Canada, by written notice to each such stock exchange. If no record date is so fixed, the record date for the determination of the shareholders entitled to notice of the meeting shall be at the close of business on the day immediately preceding the day on which the notice is given or, if no notice is given, the day on which the meeting is held.

3. By-law Number 1 of the by-laws of the Corporation is hereby amended by deleting section 12.1 and the following is substituted therefor:

#### 12.1 Method of Giving Notices

Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the regulations thereunder, the articles, the by-laws

or otherwise to a shareholder, director, officer, auditor or member of a committee of the board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to his recorded address or if mailed to him at his recorded address by prepaid mail or if sent to him at his recorded address by any means of prepaid transmitted or recorded communication **or if delivered by any other method permitted by any securities legislation (together with all written rules, regulations and forms made or promulgated thereunder and all published instruments, administrative policy statements, bulletins, blanket orders, rulings, notices, and other administrative directions issued by securities commissions or similar authorities appointed thereunder) in any province or territory of Canada or in the federal jurisdiction of the United States or in any state of the United States that is applicable to the Corporation**. A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box and shall be deemed to have been received on the fifth day after so depositing and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication Corporation or agency or its representative for dispatch; **and a notice so delivered by any other method permitted by any securities legislation shall be deemed to be given as determined pursuant to such securities legislation** The Secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the board in accordance with any information believed by him to be reliable.

**SCHEDULE “E”**

**YANGAROO Inc.**

**AMENDED STOCK OPTION PLAN**

**[see attached]**