

2016

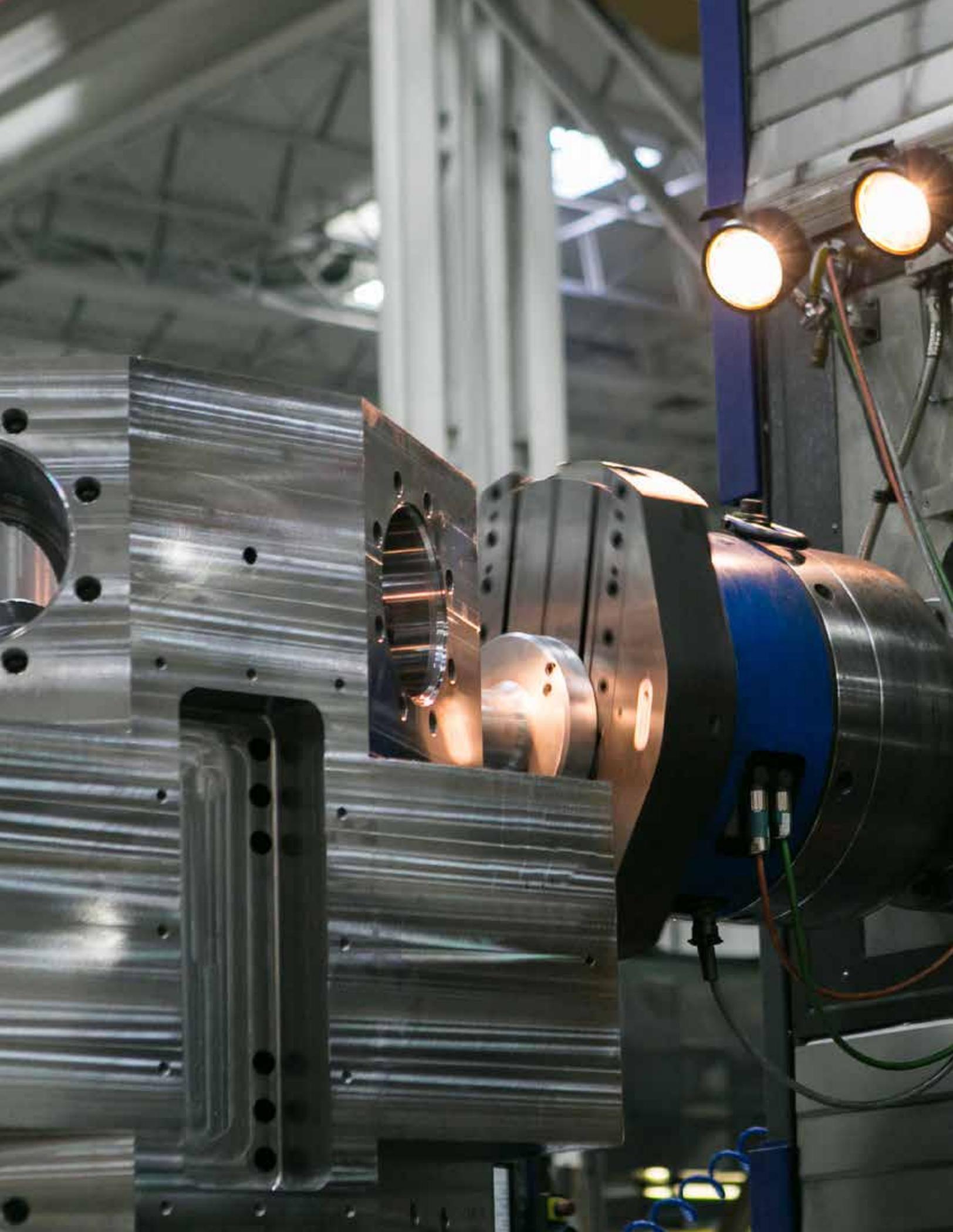
**PROXY
CIRCULAR**





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REKO INTERNATIONAL GROUP INC.

**469 Silver Creek Industrial Drive
Lakeshore, Ontario
N8N 4W2**

**Notice of Annual General Meeting
December 1, 2016**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the holders of the Common Shares of REKO INTERNATIONAL GROUP INC. (the "Company") will be held at the Torino Restaurant & Banquet Hall, 12049 Tecumseh Road, Tecumseh, ON N8N 1M1, Canada on Thursday, December 1, 2016 at 3:00 p.m. (E.S.T.) for the following purposes:

- (1) to receive the consolidated financial statements of the Company for the year ended July 31, 2016 and the report of the auditors thereon;
- (2) to elect the Directors of the Company to hold office until their successors are elected or appointed at the next Annual General Meeting of the Company;
- (3) to re-appoint PricewaterhouseCoopers LLP as the Independent Auditors of the Company to hold office until the close of the next Annual General Meeting of the Company and to authorize the Directors to fix the remuneration of the auditors; and
- (4) to transact such other business as may properly be brought before the Meeting, or any adjournment thereof.

Shareholders who are unable to attend the meeting in person are requested to sign and date the form of proxy mailed to them and return it in the manner explained in the instructions on such form for use at the meeting.

DATED at Lakeshore, Ontario, this 14th day of October, 2016

By order of the Board of Directors

"Diane Reko"

Diane Reko
Chief Executive Officer



REKO INTERNATIONAL GROUP INC.

INFORMATION CIRCULAR

Dated as of October 14, 2016

SOLICITATION OF PROXIES

THIS INFORMATION CIRCULAR (THIS "CIRCULAR") IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT OF REKO INTERNATIONAL GROUP INC. (THE "COMPANY" OR "REKO") FOR USE AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY TO BE HELD AT THE TORINO RESTAURANT & BANQUET HALL, 12049 TECUMSEH ROAD, TECUMSEH, ONTARIO N8N 1M1, ON THURSDAY, DECEMBER 1, 2016 AT 3:00 P.M. (E.S.T.) AND ANY ADJOURNMENT THEREOF (THE "MEETING"). THE SOLICITATION WILL BE BY MAIL BY MANAGEMENT OF THE COMPANY AND ITS COST WILL BE BORNE BY THE COMPANY.

NOTICE AND ACCESS

On November 29, 2012, Canadian Securities Administrators published notice that they were adopting amendments to National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* and to National Instrument 51-102 – *Continuous Disclosure Obligations*. These amendments, among other things, provide issuers with the option of using "Notice and Access" to deliver meeting materials, including this Circular, electronically by providing shareholders with a notice (the "Notice") of their availability and access to such materials online.

The Company adopted Notice and Access because it allows for the reduction of printed paper materials, reduced costs associated with shareholder meetings and provides information to shareholders on a timelier basis. Instead of mailing meeting materials to shareholders, the Company posted this Circular on its website, www.rekointl.com/disclosure, under the "Investors" tab, in addition to the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. The Company sent the Notice and a form of proxy to all shareholders informing them that this Circular is available on-line and explaining how this Circular may be accessed. The Company set the Record Date (as hereinafter defined) at least 40 days before the Meeting and filed a form of notification of the Record Date and the meeting date on SEDAR at least 25 days before the Record Date.

For the Meeting, the Company is using Notice and Access for both registered and non-registered shareholders. Neither registered nor non-registered shareholders will receive a paper copy of this Circular unless they contact the Company after it is posted, in which case the Company will mail this Circular within three business days of any request provided the request is made PRIOR to the Meeting. The Notice provides an explanation of how to obtain a paper copy of this Circular. The Company must receive your request prior to 5:00 pm, E.S.T. on November 21, 2016 to ensure you will receive paper copies in advance of the deadline to submit your vote.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the mailed form of proxy are Directors and/or Officers the Company.

As a shareholder of the Company, you have the right to appoint a person or a company of your choice, who need not be a shareholder of the Company, to attend and act on your behalf at the Meeting. If you wish to appoint a person or company other than the persons whose names are printed in the mailed form of proxy, please insert the name and address of your chosen proxyholder in the blank space provided.

You may indicate the manner in which your appointee is to vote or withhold from voting with respect to any specific item by checking the appropriate space on the mailed form of proxy. If you wish to confer discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The common shares in the capital of the Company (the "Common Shares") represented by your proxy will be voted in accordance with your directions.

If you have given a proxy, you may later revoke it by: (a) signing a proxy bearing a later date and depositing it as provided under "Deposit of Proxy", below; (b) signing and dating a written notice of revocation (in the same manner as the mailed form of proxy is required to be executed, as set out under "Validity of Proxy", below) and faxing it to the office of CST Trust Company, Att: Proxy Department, at 416-368-2502, or toll free in Canada and United States to 1-866-781-3111, or scan and e-mail to proxy@canstockta.com; or delivering it in person, or by mail, to the registered office of the Company, Att: Corporate Secretary, 469 Silver Creek Industrial Drive, Lakeshore, Ontario, N8N 4W2, or via fax to the registered office of the Company, Att: Corporate Secretary, at (519) 727-6681, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, or to the Chair of the Meeting on the day of the Meeting; or (c) in any other manner provided by law. Such revocation will have effect only in respect of those matters upon which a vote has not already been cast pursuant to the authority conferred by the proxy.

PROXY INSTRUCTIONS

A proxy in the form of the mailed proxy will confer discretionary authority upon a proxy holder named therein with respect to the matter identified in the mailed Notice, and with respect to amendments and variations thereto and any other matters that may properly be brought before the Meeting, or any adjournment thereof.

Your shares represented by proxy will be voted or withheld from voting in accordance with your instructions on any ballot that may be called for. If you have specified with certainty a choice with respect to any matter to be acted upon, your shares will be voted accordingly.

If you do not provide voting instructions as specified above, your shares represented by the proxy will be voted by Management: FOR the election of the Directors referred to in this Circular; and, FOR the re-appointment of PricewaterhouseCoopers LLP as the independent auditors of the Company to hold office until the close of the next annual general meeting of the Company and to authorize the Directors to fix the remuneration of the auditors.

Validity of Proxy

Your proxy will not be valid unless it is dated and signed by you or by your attorney duly authorized in writing. In the case of a shareholder who is a company, a proxy will not be valid unless it is executed under its seal or by a duly authorized officer or agent of, or attorney for, such corporate shareholder. If an attorney or agent for an individual shareholder or joint shareholders executes a proxy by an officer, attorney, or other authority for a corporate shareholder, the instrument empowering the attorney, officer or agent, as the case may be, or a notarial copy thereof, should accompany the proxy.

Deposit of Proxy

In order to be valid and effective, proxies must be delivered by mail to CST Trust Company, Att: Proxy Dept., P.O. Box 721, Agincourt, Ontario M1S 0A1. Alternatively, proxies may be faxed to 416-368-2502 or toll free in Canada and the United States to 1-866-781-3111; or scanned and emailed to proxy@canstockta.com, no later than 3:00 p.m. (E.S.T.) on November 29, 2016, or delivered to the Chair of the Meeting prior to the commencement of the Meeting.

All non-registered shareholders who receive these materials through a broker or other intermediary should complete and return the materials in accordance with the instructions provided by such broker or other intermediary.

Amendments or variations and other matters

As of the date of this Information Circular, the management of the Company is not aware of any amendments to, or variations of, any of the matters identified in the mailed Notice of Meeting or of any other matters that may be brought before the Meeting. However, the enclosed form of proxy also confers discretionary authority upon the proxyholder named therein to vote on any amendments to, or variations of, any of the matters identified in the mailed Notice of Meeting, in addition to any other matters which may properly be brought before the Meeting, or any adjournment thereof.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON AND MATERIAL TRANSACTIONS

No director or executive officer of the Company at any time since the beginning of the Company's last completed financial year, no proposed nominee for election as a director nor any associate or affiliate of any such director, executive officer or nominee, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except as disclosed in this Circular.

No informed person (as such term is defined under applicable securities laws) of the Company, proposed nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director nominee has or had a material interest, direct or indirect, in any transaction since the beginning of the Company's last financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries or affiliates.

VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SHARES

The Company is authorized to issue an unlimited number of Common Shares of which there are 6,439,920 issued and outstanding. Holders of Common Shares are entitled to one vote for each Common Share held. Holders of Common Shares of record at the close of business on October 14, 2016 (the "Record Date"), are entitled to receive notice of and to vote at the Meeting.

The Reko Family Corporation, which is owned or controlled by Shirley Reko and/or her children (one of whom is Diane Reko, the CEO and Board Chair of Reko), beneficially owns 3,032,123 Common Shares. Shirley Reko also beneficially owns an additional 295,831 Common Shares and her children collectively own 707,689 common shares, which together with the Common Shares referred to in the immediately preceding sentence represent approximately 62.66% of the issued and outstanding Common Shares. To the knowledge of the directors and officers of the Company, no other person beneficially owns, or exercises control or direction over, 10% or more of the outstanding Common Shares.

Share ownership by Directors, Officers and The Reko Family Corporation

All of Reko's proposed directors, officers and, direct and indirect shareholders of The Reko Family Corporation own beneficially or exercise control or direction over 4,100,063 Common Shares or approximately 63.67% of the Common Shares.

INFORMATION INCORPORATED BY REFERENCE AND ADDITIONAL INFORMATION

This document is available on www.sedar.com, along with all other documents incorporated by reference in this Circular. Upon written request by any shareholder, the Company will provide such shareholder with a copy of these documents, free of charge, by writing: Reko International Group Inc., Attn: Investor Relations, 469 Silver Creek Industrial Drive, Lakeshore, Ontario, N8N 4W2.

Additional information relating to the Company may also be found at www.sedar.com. Financial information is provided in the Company's consolidated financial statements and MD&A for 2016.

MATTERS TO BE ACTED UPON AT THE MEETING

1. Financial statements

The audited consolidated financial statements of Reko for the fiscal year ended July 31, 2016, and the Independent Auditor's report thereon, are provided in the Company's 2016 Annual Report, which was delivered either by mail or electronically to all registered shareholders and to non-registered shareholders who requested such documents. These financial statements will be presented to the shareholders at the Meeting and no vote is required with respect to this matter. The Directors have approved these financial statements at their meeting of October 6, 2016. A copy of the audited consolidated financial statements can also be accessed electronically on the Company's profile at www.sedar.com and on Reko's website at www.rekointl.com.

2. Election of Directors

The Company's articles of incorporation provide that the Board will consist of between three (3) and ten (10) directors. While shareholder approval is required to fix the number of directors outside this range, the Board is authorized to fix the number of directors within this range. In the current year, the Board is recommending four (4) directors for election at the Meeting, consistent with the prior year. All three independent (for the purposes of this Circular, a director is independent if he or she would be independent within the meaning of sections 1.4 and 1.5 of National Instrument 52-110 – Audit Committees, hereinafter, "Independent") directors serve as both Audit Committee and Compensation Committee members. The directors of the Company are elected each year at the Annual General Meeting of the Company and hold office until their successors are elected or appointed. The management of the Company and the persons named in the mailed form of proxy intend to vote FOR the election of the nominees set out below. Each director elected will hold office until the next Annual General Meeting of the Company unless he/she sooner ceases to hold office. Should such a vacancy occur between Annual General Meetings, the vacancy may be filled by the Board appointing a director to serve until the next Annual General Meeting.

Selection of Candidate for Board Vacancy

Reko believes in having a diverse group of directors with a broad range of skills and experience in order to provide superior leadership to the Company and enhance shareholder value. Effective December 1, 2016, one of Reko's directors stepped down from his position on the Board.

Candidates for the Board opening were selected after soliciting applications from various directors' organizations and appropriate contacts. A number of individuals were interviewed and evaluated for the Board vacancy - each being scored on a grid with weighting assigned to relevant skills and experience.

The Chair of the Board of Directors presented the candidates to the full Board and all directors were involved in making the final selection of the individual most qualified to fill the current vacancy.

Independence

The four (4) nominees standing for election as directors of the Company at the Meeting are set forth below. Three (3) of the director nominees (75%) are Independent, while the remaining director nominee is a member of management (25%).

Proposed nominees

The following table sets forth information with respect to each of the nominees for director, including a brief biography, date first elected or appointed as a director of the Company, Board and Committee attendance, Board compensation in the last year, the number of Reko securities beneficially owned, controlled or directed, directly or indirectly by each nominee and the total value of the securities as at the Record Date, as well as other public company boards on which the nominee currently serves or has recently served. None of these nominees serve together on the boards of other public companies.

Unless a shareholder instructs otherwise, the Reko officer whose name has been pre-printed on the form of proxy intends to vote FOR the nominees listed below. If for any reason a nominee becomes unable to stand for election as a director of Reko or if management proposes any additional nominees for election as directors, the Reko officer whose name has been pre-printed on the form of proxy intends to vote for any substitute or additional nominee proposed by management.

<p>DIANE REKO, Lakeshore, Ontario, Canada</p> <p>DIRECTOR SINCE: 1984</p> <p>INDEPENDENT DIRECTOR: No</p>	<p>Ms. Reko is the Chair of the Board, Chief Executive Officer and Secretary/Treasurer. She was appointed Chair and Chief Executive Officer on December 23, 2007. Ms. Reko was appointed Secretary/Treasurer on November 21, 1984. Ms. Reko's areas of expertise include the automotive industry, financial accounting and management.</p>																				
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<p>(2) - Does not include 3,032,123 common shares held by Reko Family Corporation, of which Ms. Reko is a director and officer, and a daughter of the controlling shareholder.</p> <p>(3) - Effective 2012, Ms. Reko is no longer paid meeting fees due to her role as an officer of the Company.</p>																					

DR. ANDREW J. SZONYI,
Toronto, Ontario, Canada

**DIRECTOR
SINCE:**
1996

**INDEPENDENT
DIRECTOR:**
Yes

Dr. Szonyi is President of Andrew J. Szonyi & Associates Inc. He is a Licensed Professional Engineer and earned a PhD in engineering, an MBA and GPLLM, all from the University of Toronto. Dr. Szonyi's areas of expertise include the automotive industry, finance and business management, and he has served on the Boards of several public and private corporations in Canada and overseas.

Board & Committees			Attendance	Securities Beneficially Owned, Controlled or Directed	
Board ⁽¹⁾	10 of 10		100%	Common shares (18,860 shares)	\$ 70,159
Audit ⁽²⁾	4 of 4		100%	Stock options (15,000 options)	55,800
Compensation ⁽²⁾	1 of 1		100%	Total value of securities	\$ 125,959
Strategic Planning	1 of 1		100%	Board Compensation	
Annual General	0 of 1		0%	Annual fee	\$ 18,000
(1) - Lead Director				Meeting fee	9,800
(2) - Chair				Total board compensation	\$ 27,800

**Other Public Company
Boards/Committees**

Clearford Water Systems Inc. (TSX Venture) -
Audit Chair and Compensation
Committee Chair

JOHN SARTZ,
Ajax, Ontario, Canada

**DIRECTOR
SINCE:**
1996

**INDEPENDENT
DIRECTOR:**
Yes

Mr. Sartz is the President of Viking Capital Corp. Mr. Sartz's areas of expertise include financial accounting, finance and corporate finance.

Board & Committees			Attendance	Securities Beneficially Owned, Controlled or Directed	
Board	10 of 10		100%	Common shares (26,100 shares)	\$ 97,092
Audit	4 of 4		100%	Stock options (15,000 options)	55,800
Compensation	1 of 1		100%	Total value of securities	\$ 152,892
Strategic Planning	1 of 1		100%	Board Compensation	
Annual General	1 of 1		100%	Annual fee	\$ 12,000
Other Public Company Boards/Committees				Meeting fee	12,000
				Total board compensation	\$ 24,000

MARIA ANN THOMPSON,

Michigan, U.S.A.

**DIRECTOR
SINCE:**
2016

**INDEPENDENT
DIRECTOR:**
Yes

Ms. Thompson is the Entrepreneur In Residence for Arsenal Venture Partners. She is the former President and CEO of T/J Technologies, Inc. Ms. Thompson's areas of expertise include automotive, technology and innovation and business management.

Board & Committees	Attendance	Securities Beneficially Owned, Controlled or Directed	
Board	N/A	Common shares (0 shares)	\$ 0
Audit	N/A	Stock options (0 options)	\$ 0
Compensation	N/A	Total value of securities	\$ 0
Strategic Planning	N/A		
Annual General	N/A	Board Compensation	
Other Public Company Boards/Committees		Annual fee	N/A
		Meeting fee	N/A
		Total board compensation	N/A



NOTES:

1. None of the nominee directors:
 - a. is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director or chief executive officer or chief financial officer of any company (including the Company) that, while that person was acting in that capacity:
 - i. was the subject of an order (as defined in National Instrument 51-102F2) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
 - ii. was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer, and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer; or
 - b. is at the date hereof, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including the Company) that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
 - c. has, within 10 years before this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.
2. Information that is not within the knowledge of the Company, related to cease trade orders, bankruptcies, Common Shares and stock options beneficially owned by the nominee directors or over which they exercise control or direction, has been furnished by the nominee directors.
3. In calculating the total value of securities, we have used the closing price of Reko common shares on the TSX Venture Exchange ("TSXV") on the Record Date (\$3.72). In valuing stock options for purposes of calculating the total value of securities, we have included only the in-the-money amount calculated based on the closing price of Reko common shares on the Record Date.

3. Appointment of Independent Auditor

Based on the recommendations of the Audit Committee, management intends to vote FOR the re-appointment of PricewaterhouseCoopers LLP as Reko's Independent Auditors and to authorize the Board to fix the Independent Auditors' remuneration. PricewaterhouseCoopers LLP have been Reko's Independent Auditors since 2010.

Representatives of PricewaterhouseCoopers LLP are expected to attend the Meeting; will have the opportunity to make a statement, if they so desire; and are expected to be available to respond to appropriate questions. Refer to "Audit Committee Report" on the following page for a summary of fees paid to PricewaterhouseCoopers LLP in respect of 2016 and 2015.

CORPORATE GOVERNANCE

Corporate governance

The Board is committed to fostering a healthy governance culture at the Company. The Company believes that a healthy governance culture requires that directors be informed of both internal corporate and external developments that may affect the business and affairs of the Company and that an atmosphere of open communication, trust, candour, healthy debate and even constructive dissent be part of the corporate decision making and directorial oversight process. Directors have statutory and fiduciary obligations to act honestly and in good faith with a view to the best interests of the Company. They also have a duty of care in making decisions, including being properly informed so they can perform the tasks their position entails. The Board demands that these standards are met by its members at all times.

The Board's authority is exercised in accordance with: (i) the Business Corporations Act (Ontario); (ii) the Company's articles of incorporation and by-laws; (iii) the Company's Code of Conduct (the "Code of Conduct"); (iv) the charters of the Board and the Board committees; and, (v) other applicable laws and regulations including those imposed on the Company by the Canadian Securities Administrators ("CSA") and the TSX Venture Exchange (on which the Company's Common Shares are listed).

The Board approves all material decisions that affect the Company and its subsidiaries before they are implemented. The Board delegates to management the authority and responsibility for the day-to-day affairs of the Company and reviews management's performance. The Board expects management to manage the Company in a manner that enhances shareholder value, is consistent with the highest level of integrity and is compliant with applicable law.

In April 2005, the Ontario Securities Commission ("OSC") adopted National Instrument 58-101 – Disclosure of Corporate Governance Practices ("NI 58-101") and Companion Policy 58-201CP – Corporate Governance Guidelines ("58-201CP", together with 58-101, the "CSA Guidelines"), providing corporate governance "best practices". In June 2005, the OSC issued amendments to what is now National Instrument 52-110 – Audit Committees ("NI 52-110") which introduced new standards for the composition of Audit Committees, as well as additional disclosure standards in respect of Audit Committees. In accordance with the requirements of NI 58-101, additional corporate governance disclosure is set out in the attached Appendix A. The CSA Guidelines, as well as the evolving best practices in corporate governance, including the amendments to NI 52-110, are considered by the Board in the context of the Company's objectives in order to implement the most effective corporate governance policies and practices for the Company. The Company applies the standards set out in the CSA Guidelines, with a view to apprising investors of the Company's "best practices" approach to responsible corporate governance.

The Company has established that three of the four directors (all but Ms. Reko) are Independent since they have no material relationship with the Company.

The Company is also subject to the requirements of Canadian provincial securities legislation, including those relating to the certification of financial and other information by the Company's principal executive officer and principal financial officer; oversight of the Company's external auditors; enhanced independence criteria for audit committee members; the pre-approval of permissible non-audit services to be performed by the Company's external auditors; and the establishment of procedures for the anonymous submission of employee complaints regarding the Company's accounting practices (commonly known as whistleblower procedures). In its consideration of evolving best practices in corporate governance matters, over the past several years among other matters discussed below, the Company has: (i) adopted the Code of Conduct; (ii) established a confidential procedure for the anonymous submission to the Audit Committee of employee complaints regarding the Company's accounting practices; (iii) established policies and procedures for Audit Committee pre-approval of services provided by the Independent Auditor; (iv) amended and updated the charter for the Audit Committee, which prescribes its mandate; (v) updated the charter for the Compensation Committee; and, (vi) established a Lead Director position (as discussed in Appendix A and Appendix D).

Board committees

The Board has established two standing committees of directors: the Compensation Committee and the Audit Committee. The Board has established a charter for each committee. From time to time, special committees of the Board may be appointed to consider special issues, in particular, any issues that may involve related party transactions.

Compensation Committee

The members of the Compensation Committee for the fiscal year ended July 31, 2016 were Andrew Szonyi (Chair), John Sartz and Victor Neufeld, all of whom are Independent.

The Board believes that the members of the Compensation Committee are qualified to fulfill the required duties of this committee due to their experience and direct involvement in executive compensation decisions. The members of the Compensation Committee have an understanding of executive compensation, including the underlying policies and principles and relevant market practices required for decisions about executive compensation. This knowledge is as a result of the experience of the Compensation Committee members as senior executives, including in many cases, having ultimate responsibility for human resources and compensation. The current Compensation Committee members have experience in top leadership roles (all three are currently Presidents/Chief Executive Officers in other companies), a mix of functional experience and competency, and tenures as directors of public companies. This understanding has also been garnered through their years of service on the Compensation Committee. (Mr. Neufeld for 11 years and Mr. Sartz and Mr. Szonyi for 5 years.)

The Compensation Committee oversees the overall corporate policy with respect to compensation and benefits and makes recommendations to the Board on, among other things, the compensation of senior management and the directors. In assessing compensation issues, the Compensation Committee reviews and examines in detail the performance of senior management.

The Compensation Committee periodically considers the compensation of directors and senior management, and the Compensation Committee brings the resulting suggestions to the Board for its consideration. The Board and the Compensation Committee have considered appropriate compensation levels and mechanisms in view of, *inter alia*, recent economic developments. The Compensation Committee Charter is attached as Appendix B.

Audit Committee

The Audit Committee is composed of directors that are Independent. The Company believes the oversight responsibility of the Audit Committee provides a key stewardship role for the Audit Committee in the Company's financial disclosure issues, internal controls, risk management, corporate finance and related matters. Disclosure related to the Audit Committee is attached as Appendix C.

In reviewing the audited financial statements of the Company, the Audit Committee discusses the quality, not just acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosure in the financial statements. In addition, the Audit Committee discusses with the Company's auditors the overall scope and plans for their audit. The Audit Committee meets with the auditors with and without management present, to discuss the results of their examination and the overall quality of the Company's financial reporting. The Audit Committee also carefully reviews evolving audit committee regulations and best practices to ensure corporate alignment with the spirit and intent of such regulations and practices.

Chief Executive Officer performance

On an annual basis, the Company circulates a proposed strategic plan and budgets, which are discussed and, if appropriate, adopted by the Board. These form the basis of the corporate objectives which the Chief Executive Officer is responsible for meeting. The Compensation Committee assesses management's performance and reviews its compensation, as discussed below.

Shareholder feedback and communication

The Company views its shareholders and investors as owners and partners. Accordingly, the senior executives, including the Chief Executive Officer and the Chief Financial Officer are committed to being accessible. They comprise the Company's management Disclosure Committee, and monitor all communications (written and verbal) consistently and coherently. When considered necessary, input is solicited from the Board of Directors and/or external counsel as appropriate. The Company also communicates regularly with its shareholders through annual and quarterly reports. At the Company's Annual General Meeting of shareholders, a full opportunity is afforded for shareholders to ask questions concerning the Company's business. Each shareholder and investor inquiry receives a prompt response from an appropriate officer of the Company. Information about the Company, including annual reports and interim financial reports, is also available on the Company's website at www.rekointl.com and at www.sedar.com. In addition, the Company provides the opportunity for investors to pose questions of senior executives, including the Chief Executive Officer and the Chief Financial Officer, through email to the Company's website at investors@rekointl.com.

Board of Directors' expectations of management

Management is responsible for the day-to-day operations of the Company and is expected to implement approved strategic business plans and initiatives within the context of authorized budgets and corporate policies and procedures. The information which management provides to the Board is critical. Management is expected to report regularly to the Board in a comprehensive, accurate and timely fashion on the business and affairs of the Company. The Board monitors the nature of the information requested by and provided to it so that it can effectively identify issues and opportunities for the Company. The Chair of the Board oversees the operation of the Board in a manner that ensures the Board can be adequately informed and can be an effective monitor.

At the same time, the Board recognizes that the operations of the Company, its strategies and ultimately, its success, will depend on management being successful. The Board's job is to monitor and supervise, not to manage and operate the business, and it does not do so.

Code of Conduct

In January 2009, the Company approved the Code of Conduct in light of its continued commitment to honesty and integrity in the conduct of its business. The Code of Conduct applies to all its employees. In addition, all senior executives, divisional managers, sales representatives, program managers and members of the finance, human resources, purchasing and information technology departments must report annually their compliance with the Code of Conduct for the previous year and provide written confirmation of their intention of compliance for the upcoming year.

AUDIT COMMITTEE REPORT

Pursuant to Reko's by-laws and the Audit Committee's written Charter, the Audit Committee provides assistance to the Board in fulfilling its oversight responsibilities to Reko's shareholders with respect to the integrity of Reko's financial statements and reports and financial reporting process.

The Committee also annually reviews and reassesses the adequacy of its written Charter. No material revisions were made to the Charter in fiscal 2016. The Charter is attached as Appendix C.

The Committee met four times during fiscal 2016 and representatives of the Company's Independent Auditors were at all four meetings.

Composition of the Fiscal 2016 Audit Committee

Andrew Szonyi, Chair	Independent	Financially Literate
John Sartz	Independent	Financially Literate
Victor Neufeld	Independent	Financially Literate

Auditor independence and Audit Fees

The Audit Committee has discussed with the Independent Auditors the firm's independence from management and Reko, and has considered whether the provision of non-audit services is compatible with maintaining such independence. In order to ensure that such independence is not compromised by engaging PricewaterhouseCoopers LLP for other services, the Audit Committee has established and maintains a process for the review and pre-approval of all services and related fees paid to the Independent Auditors. Pursuant to this pre-approval process, the Audit Committee approved and Reko paid the following fees to the Independent Auditors for services provided in respect of fiscal 2016 and fiscal 2015:

Audit Fees	Fiscal 2016	Fiscal 2015
Audit Fees	\$ 105,000	\$ 105,000
Audit Related Fees:		
Quarterly Reviews	--	--
CPAB fees	2,000	2,000
Internal Controls evaluation	5,000	--
Accounting Matters	--	--
Tax Fees:		
Compliance	--	--
Consulting	--	--
All Other Fees:		
Advisory Services	--	--
Research and Development Compliance Fees	--	--
	\$ 112,000	\$ 107,000

In order to further ensure the independence of the Independent Auditors, the Audit Committee reviews and approves the Company's hiring of partners, employees and former partners and employees of the Independent Auditors who were engaged on the Company's account within the three prior years.

OTHER REPORTABLE MATTERS

In connection with Reko's Consolidated Financial Statements and Management's Discussion and Analysis of Results of Operations and Financial Position ("MD&A") for the fiscal year ended July 31, 2016, the Audit Committee has:

- Reviewed and discussed with senior management and the Independent Auditors the audited Consolidated Financial Statements and MD&A, in respect of 2016 and other forms and reports required to be filed with the Ontario Securities Commission in respect of the fiscal year ended July 31, 2016;
- Discussed with the Independent Auditors the matters required to be discussed by the Canadian Institute of Chartered Accountants Standard 5751 (Communications with Those Having Responsibility for the Financial Reporting Process) ("CICA Standard 5751");
- Received and reviewed with the Independent Auditors the written disclosures and related letter from the Independent Auditors required by CICA Standard 5751 and discussed with the Independent Auditors the independence of the Independent Auditors as Reko's auditor; and,
- Reviewed with the Independent Auditors their audit report on the Consolidated Financial Statements.

Management is responsible for the preparation and presentation of Reko's financial statements, the financial reporting process and the development and maintenance of its systems of internal accounting and administrative cost controls. PricewaterhouseCoopers, LLP is responsible for performing an independent audit on and issuing its reports in respect of Reko's consolidated financial statements in accordance with Canadian generally accepted auditing standards. The Audit Committee's responsibility is to monitor and oversee these processes in accordance with its Charter and applicable law.

Based on these reviews and discussions, including the review of the Independent Auditors' audit report, the Audit Committee has recommended to the Board and the Board has approved, the inclusion of the audited Consolidated Financial Statements in Reko's Annual Report, the MD&A and the other forms and reports required to be filed with the Ontario Securities Commission in respect of the fiscal year-ended July 31, 2016.

Submitted by the Audit Committee of the Board.

DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$) ⁽¹⁾	Committee or meeting fees (\$)	Value of perquisites (\$) ⁽²⁾	Value of all other compensation (\$) ⁽³⁾	Total compensation (\$)
Diane Reko, Chief Executive Officer & Director	2016	⁽⁴⁾⁽¹⁰⁾ 225,000	⁽⁷⁾ 56,450	⁽¹⁰⁾ Nil	Nil	1,500	281,450
	2015	⁽¹⁰⁾ 225,000	⁽⁷⁾ 61,650	⁽¹⁰⁾ Nil	Nil	1,500	288,150
Marilyn Crowley, Chief Financial Officer	2016	⁽⁵⁾ 133,389	⁽⁶⁾ 47,700	Nil	Nil	0	181,089
	2015	N/A	N/A	N/A	N/A	N/A	N/A
Peter Gobel, General Manager	2016	⁽⁶⁾ 143,000	⁽⁹⁾ 33,090	Nil	Nil	1,300	177,390
	2015	⁽⁶⁾ 143,000	⁽⁹⁾ 32,890	Nil	Nil	1,000	176,890
Andrew Szonyi, Director	2016	18,000	Nil	9,800	Nil	Nil	27,800
	2015	18,000	Nil	14,800	Nil	Nil	32,200
John Sartz, Director	2016	12,000	Nil	12,000	Nil	Nil	24,000
	2015	12,000	Nil	14,200	Nil	Nil	26,200
Victor Neufeld, Director	2016	12,000	Nil	9,800	Nil	Nil	21,800
	2015	12,000	Nil	14,200	Nil	Nil	26,200

NOTES:

- (1) Amounts disclosed under the "Bonus" column represent cash bonuses, some of which are mandated by written employment contracts or agreements. Bonus amounts for the fiscal year ended July 31, 2016 will be paid in the fiscal year ended July 31, 2017 and bonus amounts for fiscal year ended July 31, 2015 were paid in the fiscal year ended July 31, 2016.
- (2) Perquisites and other personal benefits do not exceed: (i) \$15,000 for NEOs (as hereinafter defined) or directors with a total annual salary of \$150,000 or less; and (ii) 10% of total annual salary for each of the NEOs with a total annual salary of more than \$150,000.
- (3) Amount includes payments made on behalf of NEOs for Group RRSPs.
- (4) At July 31, 2016, Ms. Reko's base salary as Chief Executive Officer was \$225,000.
- (5) At July 31, 2016, Ms. Crowley's base salary as Chief Financial Officer was \$190,000.
- (6) At July 31, 2016, Mr. Gobel's base salary was \$143,000.
- (7) Ms. Reko's 2016 bonus includes a portion related to a contractual amount based on corporate financial results (\$56,250) plus an annual Christmas bonus paid to all employees (\$200). Ms. Reko's 2015 bonus includes a portion related to a contractual amount based on corporate profitability (\$41,650) plus a discretionary award related to the Company's precision machining contract (\$20,000).
- (8) Ms. Crowley's 2016 bonus includes a portion related to a contractual amount based on corporate financial results (\$47,750) plus an annual Christmas bonus paid to all employees (\$200). As Ms. Crowley's effective date of employment with Reko was November 9, 2015, comparative amounts for fiscal 2015 are not applicable.
- (9) Mr. Gobel's 2016 bonus is based on the profitability of the product line Mr. Gobel manages (\$32,890) plus an annual Christmas bonus paid to all employees (\$200). Mr. Gobel's 2015 bonus is based on the profitability of the product line Mr. Gobel manages (\$32,890).
- (10) Ms. Reko was not paid any committee or meeting fees in her position as director of the Company.

TABLE OF COMPENSATION SECURITIES HELD AT JULY 31, 2016

Name and position	Type of compensation security	Number of compensation securities and number of underlying securities	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Status of security at year end	Expiry date
Diane Reko, <i>Chief Executive Officer & Director</i>	Stock option	5,000	October 4, 2013	1.15	1.15	Vested and exercisable	October 4, 2018
	Stock option	⁽¹⁾ 100,000	⁽⁷⁾ November 4, 2014	2.00	2.00	⁽⁷⁾ Vested, but non-exercisable	November 4, 2019
Marilyn Crowley, <i>Chief Financial Officer</i>	Stock option	⁽²⁾ 0	N/A	N/A	N/A	N/A	N/A
Peter Gobel, <i>General Manager</i>	Stock option	5,000	October 4, 2013	1.15	1.15	Vested and exercisable	October 4, 2018
	Stock option	⁽³⁾ 30,000	⁽⁷⁾ November 4, 2014	2.00	2.00	⁽⁷⁾ Vested, but non-exercisable	November 4, 2019
Andrew Szonyi, <i>Director</i>	Stock option	5,000	October 4, 2013	1.15	1.15	Vested and exercisable	October 4, 2018
	Stock option	⁽⁴⁾ 10,000	⁽⁷⁾ November 4, 2014	2.00	2.00	⁽⁷⁾ Vested, but non-exercisable	November 4, 2019
John Sartz, <i>Director</i>	Stock option	5,000	October 4, 2013	1.15	1.15	Vested and exercisable	October 4, 2018
	Stock option	⁽⁵⁾ 10,000	⁽⁷⁾ November 4, 2014	2.00	2.00	⁽⁷⁾ Vested, but non-exercisable	November 4, 2019
Victor Neufeld, <i>Director</i>	Stock option	⁽⁶⁾ 10,000	⁽⁷⁾ November 4, 2014	2.00	2.00	⁽⁷⁾ Vested, but non-exercisable	November 4, 2019

NOTES:

- (1) At July 31, 2016, Ms. Reko holds a total of 105,000 unexercised stock options for an aggregate of 105,000 Common Shares.
- (2) At July 31, 2016, Ms. Crowley did not hold any unexercised stock options.
- (3) At July 31, 2016, Mr. Gobel holds a total of 35,000 unexercised stock options for an aggregate of 35,000 Common Shares.
- (4) At July 31, 2016, Mr. Szonyi holds a total of 15,000 unexercised stock options for an aggregate of 15,000 Common Shares.
- (5) At July 31, 2016, Mr. Sartz holds a total of 15,000 unexercised stock options for an aggregate of 15,000 Common Shares.
- (6) At July 31, 2016, Mr. Neufeld holds a total of 10,000 unexercised stock options for an aggregate of 10,000 Common Shares.
- (7) The stock options granted on November 4, 2014 vest entirely on the grant date, however, they are only exercisable upon the sale of assets of the Company to a third party through one or more transactions with an aggregate purchase price equal to or greater than 65% of the value of the net assets of the Company as at the grant date. The Company granted the remaining outstanding stock options (the "Existing Options") on October 2, 2013. The Existing Options vested: (i) immediately for directors; and (ii) for employees, 30% on the first anniversary of the grant date, 30% on the second anniversary of the grant date and 40% on the third anniversary of the grant date. The Existing Options expire after five years of the grant date.

EXERCISE OF COMPENSATION SECURITIES BY DIRECTORS AND NEOS

Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Diane Reko, <i>Chief Executive Officer & Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Marilyn Crowley, <i>Chief Financial Officer</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Peter Gobel, <i>General Manager</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Andrew Szonyi, <i>Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
John Sartz, <i>Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Victor Neufeld, <i>Director</i>	Common shares	5,000	1.15	June 2, 2016	3.19	2.04	10,200

STOCK OPTION PLANS AND OTHER INCENTIVE PLANS

STOCK OPTION PLAN

Amended and Restated Incentive Stock Option Plan, effective March 24, 1994, amended and revised September 26, 1997 (the "Stock Option Plan")	Number of Securities to be issued upon exercise of outstanding options as at July 31, 2016	Weighted Average exercise price of outstanding options	Number of Securities remaining available for future issuance under equity compensation plans (excluding number currently outstanding)
	326,000	\$1.90	324,000

The Stock Option Plan has been approved by the security holders of the Company and there are no equity compensation plans unapproved by security holders.

Any option granted under the Stock Option Plan is granted for a maximum of five years, and is non-transferable. No person may be issued options, which in the aggregate represent five percent (5%) or more of the issued and outstanding Common Shares of the Company. The exercise price of an option granted under the Stock Option Plan may not be lower than the market price of the subject shares at the time of grant, and not more than 650,000 Common Shares may be issued pursuant to all such options unless shareholder approval is obtained to increase such number. The Board may impose other conditions respecting any option granted, as it might consider appropriate or necessary. In connection with the administration of the Stock Option Plan, the Board has determined that the Board may authorize the Company to make a loan to an option holder to provide the funds necessary to exercise the option.

Such a loan may be for a term not exceeding five years and may bear interest at such rate, if any, which the Board determines to be appropriate. Unless otherwise specified by the Board, vesting of options under the Stock Option Plan takes place immediately for directors that are not full-time employees of the Company and, in respect of employees, options vest at a rate of 30% in the first year, 30% in the second year, and 40% in the third year of their five-year term.

Employee Share Purchase Assistance Plan

The Employee Share Purchase Assistance Plan is designed to encourage and assist full-time employees of the Company to purchase Common Shares on a regular basis. Employees who have been continuously employed by the Company for at least one year are able to participate in the Employee Share Purchase Assistance Plan. On a quarterly basis, the Company purchases Common Shares for employees at a price equal to the market value of the Common Shares.

In order to assist the employees to acquire shares under the Employee Share Purchase Assistance Plan, the Company provides interest-free loans, to be repaid through payroll deductions, amortized over 52 weeks. The aggregate amount of such share purchase loans outstanding at any such point in time cannot exceed \$25,000 for each employee.

During the year, the Company did not purchase any shares on the open market under the Employee Share Purchase Assistance Plan on behalf of employees.

EMPLOYMENT, CONSULTING AND MANAGEMENT AGREEMENTS

Material provisions

The Company has entered into a formal employment contract with one of its named executive officers (“NEOs”, as defined in National Instrument 51-102F6V). Ms. Reko entered into an employment contract with the Company in 2012. Ms. Reko received an increase in her base salary from \$200,000 per annum to \$225,000 per annum in 2013 on the recommendation of the Compensation Committee. In 2016, the calculation of Ms. Reko’s bonus was changed to one that was based on the achievement of targets for four financial metrics with the total amount owing capped at 25% of base salary. The Company has entered into a written employment agreement with Ms. Crowley effective November 9, 2015. The amount of base salary in the agreement was originally set at \$180,000 but was adjusted to \$190,000 after the successful completion of six months employment with the Company. The agreement also provides for the payment of a bonus based on the achievement of four financial measures with the total amount being paid by the Company capped at 25% of current salary.

These agreements set out the respective duties and responsibilities of, and provide that, each NEO is to receive a base salary, is entitled to receive an annual bonus in an amount equal to a percentage of base salary determined by the achievement of set targets for four financial metrics of the Company and certain other benefits, including termination and medical, dental, life and disability insurance. These employment agreements provide for, among other things, industry standard covenants in favour of the Company, including covenants not to compete with the Company or solicit its employees for employment for a specified period following termination of their employment, as well as confidentiality covenants.

Termination provisions

The employment agreement with Ms. Reko contains a provision for a severance payment, in the event of termination, without cause, in the amount of 24 month’s wages, payable by the Company at the time of termination. The contract includes industry standard non-solicitation, non-compete, non-disparagement, and confidentiality clauses. It also contains provisions for no severance payment in the event of resignation, termination with cause or retirement. Ms. Crowley’s agreement provides for the payment of one month’s salary for each year of service in the event of termination without cause. Any such payment is capped at an amount equivalent to six month’s salary and is payable at the date of termination. The remaining NEOs’ employment arrangements do not include any provision for termination or change of control benefits.

The maximum total amount potentially payable by Reko pursuant to the employment contracts or arrangements of the NEOs is approximately \$0.47 million in the aggregate. No notice, retiring allowance or other severance payment is required where the Company terminates employment for just cause or upon voluntary resignation.

Name	Termination benefit	Change of control benefit	Total
	(\$)	(\$)	(\$)
Diane Reko	⁽¹⁾ 450,000	Nil	⁽¹⁾ 450,000
Marilyn Crowley	⁽¹⁾ 31,700	Nil	⁽¹⁾ 31,700
Peter Gobel	Nil	Nil	Nil

NOTES:

(1) As of July 31, 2016, represents maximum amount potentially due at any point during fiscal 2017.

OVERSIGHT AND DESCRIPTION OF DIRECTOR AND NEO COMPENSATION

Director Compensation

Director compensation is determined by the Board based on the recommendations of the Compensation Committee on an ad hoc basis. Director compensation was last reviewed in 2014.

The intended goals of the Company’s director compensation strategy are to ensure strong corporate governance and to promote and support director independence, while regularly evaluating and implementing best practices.

In order to achieve a balance of interest alignment and independence, compensation of directors has been both a combination of annual retainers, meeting fees, travel expenses associated with attending meetings, and the grant of options.

The annual retainer amounts have been established to constitute a significant portion of the directors’ total compensation from the Company in order to promote independence and objectivity. The factors which have influenced the level of these retainers are as follows: (i) the relatively small size of the Company; (ii) the experience and knowledge of the directors; and (iii) the fact that perquisites and special entitlements have never been a part of the Company’s director compensation plan. Acknowledging the additional time demands of the Chair of the Audit Committee and the Lead Director, the retainer for this position is at a higher level than that of the other Board members.

The meeting amounts have been revised to reflect the efficiency gained from a smaller board, and from the ability to hold committee meetings in continuity on the same day. These amounts are also intended to appropriately compensate experienced directors for the time that they spend at the Company.

Options granted to non-executive directors have a five-year term, but are exercisable immediately. Since the term of each director expires at each Annual General Meeting, the lack of vesting period on the options should reduce the risk of lost compensation, should a director or the Company determine that a director is no longer a good fit for the Board. The decision to grant options is currently based upon a desire to balance the independence of the Board with the desire to align their interests with those of shareholders. Option grants have generally been made in equal quantities to all directors and in conjunction with grants to management and employees. These grants to directors have intentionally not been based upon the operating performance of the Company as this could potentially impair objectivity and potentially compromise the goal setting process used for executive compensation.

The Board may award special remuneration to any director undertaking any special services on the Company's behalf other than services ordinarily required by a director. From time to time, options may be granted to directors as indicated under the Stock Option Plan (as hereinafter defined). Directors are also reimbursed for transportation and other expenses incurred for attendance at Board and committee meetings.

NEO Compensation

NEO compensation is determined by the Board based on the recommendations of the Compensation Committee on an ad hoc basis, generally tied to changes in market conditions. The Compensation Committee considers the skill, ability and experience of each individual NEO and has relied in the past on third party research; analysis of compensation surveys; first-hand knowledge of compensation levels and practices in the automotive industry; and interviews with management. The Compensation Committee has concluded, after review of industry and Company related criteria that Reko's NEOs have performed acceptably with due consideration to the current economic environment.

The Company's compensation strategy is designed to accomplish the following objectives:

- Align compensation with the overall Company business strategy and business unit goals;
- Reward executive team members for their contribution to the overall success of the Company and for achievement of planned business and financial objectives in their own area of responsibility;
- Attract and retain executive talent able to bring superior management skills to the Company;
- Implement compensation programs that are cost efficient;
- Incentivize executives to align their long-term interests with the investment objectives of the Company's shareholders; and,
- Avoid and discourage short-term behaviour that is not in the best interests of shareholders.

The Company's objective is to be a profitable; highly integrated, technology driven engineering and manufacturing firm providing creative, quality engineered solutions for the automotive, transportation and oil & gas markets. Meeting these objectives has required and will continue to require attracting a team of executives who have expertise in manufacturing, innovation, strategy, legal and financial disciplines. The Company has developed a compensation package to attract such executives that includes cash compensation and benefits as well as participation in the profitability of the Company both through direct profit participation and participation in the increased value of the enterprise reflected in its stock price. As the Company's profits increase, it is anticipated that an executive's compensation will increase, providing an alignment of shareholder-owner interests and management interests as value is created for both. If profits decrease, an executive's overall compensation will generally decrease to base levels.

Elements of compensation

The key elements of the Company's compensation arrangements for its NEOs include:

1. Base salary;
2. Bonus awards; and
3. Equity participation.

NEOs are also entitled to standard benefits and perquisites. Base salary and bonuses are governed by employment contracts and formalized bonus plans, while equity participation is negotiated and reviewed more frequently. There are various factors considered when negotiating the compensation arrangements of the Company's NEOs, which are discussed in detail below. Decisions under one compensation element do not impact the other compensation elements.

Base salary

The Company provides a base salary so that NEOs have a regular defined and certain income. Competitive base salaries are important in attracting and retaining executives. Base salaries for fiscal 2016, have been established to reflect: (i) individual performance and achievement; (ii) the increased responsibilities characterized by a public company; (iii) compensation levels which such individuals could attract in the senior executive or professional market for their services; and, (iv) levels that are appropriately higher than those earned by their direct reports. At the end of fiscal 2016 Ms. Reko's base salary was \$225,000, Ms. Crowley's base salary was \$190,000 and Mr. Gobel's base salary was \$143,000. Base salaries of our other employees are set out in the employee's employment contract or letter of employment.

Bonus

A portion of the cash compensation for NEOs is in the form of direct profit participation, based on meeting targeted metrics as set by the Board at the beginning of the fiscal year. The total bonus amount which is set at 25% of base salary is calculated based on 6.25% of base salary for meeting each of the following targets – EBITDA, Earned Revenue (as defined in the Company's MD&A), earnings per share and working capital. Thus, NEOs are encouraged to grow corporate profits and positive cash flow, an objective that is aligned with the interests of the Company's stakeholders. The Company does not publicly disclose the specific targets for the four metrics on the basis that it believes a reasonable person would consider that disclosing such information would seriously prejudice the Company's interests pursuant to the exemption set out in Form 51-102F6V, Item 2.6(4). Similar approaches to direct profit participation are present at other levels of the organization in addition to the executive level.

For NEOs with employment contracts, the negotiated percentages do not fluctuate, although the amount of the bonus will fluctuate as the underlying metrics fluctuate. The pre-tax profit calculation excludes extraordinary items, as determined by the Company's Independent Auditor. Ms. Reko's employment contract and Ms. Crowley's letter of agreement contain bonus calculations based on metrics related to achieving budgeted targets and are capped at 25% of base salary. Ms. Reko's bonus does not formally include a cap but she has agreed to a calculation with the above-noted limit.

Mr. Gobel's bonus is calculated based on a percentage of his salary for achievement of each of a number of goals. The bonus is calculated as 10% of Mr. Gobel's salary for attainment of budgeted operating income for the division for which Mr. Gobel is responsible, 10% of his salary for attainment of a 15% return on net assets for the division, as well as up to 3% of his salary for achievement of various goals assigned by the CEO. Subject to market conditions, it is more likely than not that Mr. Gobel will receive his bonus. The Company does not publicly disclose the targets for subsidiary budgeted operating income and subsidiary return on net assets on the basis that it believes a reasonable person would consider that disclosing such information would seriously prejudice the Company's interests pursuant to the exemption set out in Form 51-102F6V, Item 2.6(4). In particular, due to the composition of the industry in which Mr. Gobel's subsidiary operates, disclosing this information is likely to result in a significant competitive disadvantage for the Company within such industry. The Company defines "operating income" as net income plus/(minus) each of: interest income (expense); foreign exchange gains (losses); and, gains (losses) from the sale of capital assets.

All other employees are entitled to participate in a bonus pool established as approximately 3.1% of the operating income of the company in which they are primarily employed.

The underlying objective of our bonus structure is to encourage decision making that supports the objectives of the business; that promotes profitability and profitable growth; and that assists in recruiting and retaining the scarce talent available in our technical business. Each employee's compensation is directly affected by the profitability of the operations over which he or she is responsible.

The Company does not currently have a policy on recovery of bonus awards in the event of a restatement of earnings or an adjustment to earnings.

All bonus amounts are calculated and listed (by employee) and then are approved by the Compensation Committee of the Board prior to disbursement.

Equity participation

Another component of the NEOs' compensation is direct or indirect equity participation by NEOs. The Compensation Committee believes that NEOs should be motivated to impact the Company's stock price, to the benefit of the shareholders. While driving profitability has been their primary focus to achieve this goal, NEOs are encouraged, but not required, to own Reko shares directly or indirectly. Ms. Reko owns shares of the Company directly, while Ms. Crowley and Mr. Gobel do not.

The Compensation Committee believes that incentive compensation in the form of stock option grants could be beneficial to attract and retain both senior executives and talent at other levels. The Company's option plan thus allows grants to employees at all levels of the organization and takes into consideration previous grants when considering awarding new grants. In fiscal 2016, the Company did not grant any stock options.

Option awards are discretionary, as approved by the Compensation Committee and the Board. The CEO and Chair of the Board have in the past and in the future may request that options be granted for directors, senior executives, or other employees. The Compensation Committee and the Board may consider a variety of factors in exercising discretion, including the compensation philosophy and practices of the Company as described in this Circular; individual or collective management performance; previous grants of options; contributions to the Company's success; relative position; years of service; and general compensation trends.

The Stock Option Plan is intended to promote the interests of the Company and its shareholders by making provision for stock options as an additional incentive to attract, retain and motivate full-time officers, key employees and directors who will make important contributions to the success of the Company. The Compensation Committee believes that incentive compensation in the form of stock option grants is and has been beneficial and necessary to attract and retain directors, senior executives and managerial talents at other levels.

Perquisites and personal benefits

The primary purpose of providing benefits and limited perquisites to the NEOs is to attract and retain the talent to manage the Company. Perquisites and personal benefits for NEOs are consistent with established corporate wide benefits available to all employees, save and except for car allowances (which do not exceed \$7,200 a year) and re-imbusement of gasoline purchases for automobiles used for business purposes (approximately \$4,000 a year) available to certain members of management, which includes each of the NEOs.

PENSION PLANS

The Company does not maintain a defined benefit pension plan for any of its employees, including the NEOs. The Company does offer an individual based Group RRSP policy (the “Canadian Policy”) in which certain of the NEOs participate.

The Canadian Policy provides a Company contribution, up to a maximum of \$1,500, based on years of service. The Company’s contribution is provided by the Company to the provider of the Canadian Policy for application to the employee’s account. Once in the employee’s account, the investment decision and the decision of when to redeem the funds are both at the sole discretion of the employee. The Company does not have access to information on the accumulated value for any NEO. Accordingly, the Company has only disclosed the contributions made to the Canadian Policy by the Company on behalf of the NEOs in the “All Other Compensation” column in the Executive Officer Compensation table on page 17.

The Company formerly provided a 401(k) plan for its U.S. employees but this plan was in the process of being wound up at July 31, 2016. None of the NEOs were eligible to participate under the U.S. Plan (prior to its dissolution).

Submitted by the Compensation Committee of the Board.

Andrew Szonyi, Compensation Committee Chair
John Sartz, Compensation Committee Member
Victor Neufeld, Compensation Committee Member



OTHER MATTERS

Indebtedness of Directors, Executive Officers, and Employees

None of Reko's present or former directors or executive officers was indebted as of the date of this Circular or at any time preceding the date of this Circular during 2016 to Reko or its subsidiaries.

None of Reko's nor any of its subsidiaries' present or former employees was indebted as of the date of this Circular or at any time preceding the date of this Circular to Reko or its subsidiaries in connection with the purchase of Reko's securities. As at the Record Date, the aggregate amount of indebtedness to Reko and its subsidiaries, incurred other than in connection with the purchase of securities of Reko was \$Nil, in the case of present or former employees.

Other matters to be acted upon

The management of the Company knows of no matters that may be brought before the Meeting other than those referred to in the Notice. However, if other matters are properly brought before the Meeting, the persons named in the mailed proxy intend, in their discretion, to vote on them in accordance with the judgment of the person so voting.

ADDITIONAL INFORMATION

NORMAL COURSE ISSUER BID

On December 9, 2015, the TSX Venture Exchange accepted a notice filed by the Company of its intention to make a normal course issuer bid for 321,496 of its outstanding common shares. The notice provides that Reko may, during the 12-month period commencing December 15, 2015 and ending December 14, 2016, purchase on the TSX Venture Exchange up to 321,496 of its common shares at market value. All purchased shares will be cancelled. To date, no shares have been purchased under this normal course issuer bid. Any shareholder may receive a copy of Form 5G, Notice of Intention to Make a Normal Course Issuer Bid, via SEDAR at www.sedar.com; by contacting the Company via e-mail at irelations@rekointl.com; or by writing to the Company, Att: Investor Relations, 469 Silver Creek Industrial Drive, Lakeshore, Ontario N8N 4W2.

FINANCIAL INFORMATION

Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year.

DIRECTORS' AND OFFICERS' INSURANCE

Reko's directors' and officers' liability insurance continues in place for the upcoming year. This insurance provides, among other coverages, coverage up to \$15 million for officers and directors of Reko and its subsidiaries. This policy does not provide coverage for losses arising from the intentional breach of fiduciary responsibilities under statutory or common law or from violations of or the enforcement of pollutant laws and regulations. The aggregate premium payable in respect of the policy year was \$25,200.

SHAREHOLDER PROPOSALS AND COMMUNICATIONS

Proposals of shareholders intended to be presented at the Annual General Meeting of Shareholders to be held in calendar 2017 must be received by Reko at its principal executive offices for inclusion in its Management Information Circular/Proxy Statement on or before October 1, 2017.

CONTACTING THE BOARD OF DIRECTORS

Shareholders wishing to communicate with any director of the Company may do so by contacting Reko's corporate secretary at its corporate headquarters at 469 Silver Creek Industrial Drive, Lakeshore, Ontario N8N 4W2, telephone (519) 727-3287.

APPROVAL OF CIRCULAR

The contents of this Circular have been approved and its distribution has been authorized by the Board.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found under Reko's Company Profile at www.sedar.com. For copies of documents (free of charge), please contact the Investor Relations Department at (519) 727-3287, or at 469 Silver Creek Industrial Drive, Lakeshore, Ontario, N8N 4W2, or via e-mail at irrelations@rekointl.com.

Dated this 14th day of October, 2016

By order of the Board of Directors

"Diane Reko"
DIANE REKO
Chair



MAKINO

REKO



APPENDIX A

Corporate Governance Disclosure

DIRECTOR INDEPENDENCE

Details with respect to the identity of directors who are Independent, identity of directors who are not Independent and the basis for that determination, disclosures as to whether or not the majority of directors are Independent, disclosures with respect to directors who are presently directors of other reporting issuers and disclosures with respect to the attendance records of each director for all Board meetings held since the beginning of our most recently completed financial year are included in pages 8, 9 and 10 and by reference hereto are considered disclosed herein.

We note that the Independent directors of the Board do not hold regularly scheduled meetings but meet on an ad-hoc basis as and when it is determined relevant.

Board members are encouraged to independently review and comment on the business of the Company. The Board has free access to the Company's external auditor, legal counsel and to any of the Company's officers. Board committees can and do meet independently of management in fulfilling their mandates and making recommendations to the Board. To assist in fostering proper input of Independent directors and Independent director participation in Board decisions, in addition to and apart from Board committee mandates, the Board established a Lead Director position in 2008. The Lead Director's mandate is attached as Appendix D hereto.

BOARD MANDATE

MANDATE OF THE BOARD OF DIRECTORS

The directors are elected by the shareholders and are committed to the oversight of the assets and affairs of the Company, including responsibility for, to the extent feasible, satisfying itself as to the integrity of the CEO and other senior officers. The Board seeks to discharge this responsibility by reviewing, discussing and approving the Company's strategic planning and organizational structure to enhance and preserve the assets of the Company and the underlying value of the Company.

EXPECTATIONS OF MANAGEMENT

The Board expects management to provide information in a timely manner and maintain processes, which enable the Board to identify issues, challenges, and opportunities for the Company and to otherwise discharge its responsibilities.

DUTIES OF DIRECTORS

The Board discharges its responsibility for oversight by delegating to the Company's senior officers the responsibility for day-to-day management of the Company. The Board discharges its responsibilities both directly and through its committees: the Audit Committee and the Compensation Committee. In addition to these regular committees, the Board may appoint ad hoc committees periodically to address issues of a more short-term nature. The Board's primary roles are overseeing corporate performance and attempting to provide for the quality, depth and continuity of management needed to meet the Company's strategic objectives. Other principal duties include, but are not limited to, the following categories:

APPOINTMENT OF MANAGEMENT AND SUCCESSION PLANNING

1. The Board is responsible for the appointment of the Chief Executive Officer and the other officers of the Company. The Independent members of the Board are responsible for approving the compensation of the Chief Executive Officer and the other officers of the Company.
2. The Board, from time to time, delegates to senior management the authority to enter into transactions, such as financial transactions, subject to specified limits. Investments and other expenditures above the specified limits, and material transactions outside the ordinary course of business are reviewed by, and are subject to, the prior approval of the Board.
3. The Board oversees that succession-planning programs are in place, including programs to train and develop management. The Board is responsible for approving management's succession plans for the Chief Executive Officer and the other officers of the Company.

BOARD ORGANIZATION

4. The Board retains responsibility for managing its own affairs.
5. The Board may delegate to Board committees matters for which the Board is responsible. It retains ultimate responsibility for such delegated duties.

STRATEGIC PLANNING

6. The Board is responsible for reviewing the financial and strategic plans of the Company.
7. The Board will consider alternate strategies in response to possible change of control transactions or take-over bids with a view to maximizing value for shareholders.

MONITORING OF FINANCIAL PERFORMANCE AND OTHER FINANCIAL REPORTING MATTERS

8. The Board is responsible for reviewing and approving the annual audited consolidated financial statements and the interim consolidated financial statements, and the notes and Management's Discussion and Analysis accompanying such financial statements.
9. The Board is responsible for reviewing and approving material transactions outside the ordinary course of business and those matters which the Board is required to approve under the Company's governing statute, including the payment of dividends, the issuance, purchase and redemption of securities, acquisitions and dispositions of material capital assets and material capital expenditures.

RISK MANAGEMENT

10. The Board is dependent upon management for the identification of principal risks of the Company's business and is responsible for overseeing the implementation of appropriate systems to effectively monitor and manage those risks with a view to the long-term viability of the Company and achieving a proper balance between risks incurred and the potential return to the Company's shareholders.

ENVIRONMENTAL OVERSIGHT

11. The Board is responsible for the implementation of appropriate environmental stewardship and health and safety management systems that are sufficient within the terms and practices of its industries, to ensure compliance with applicable laws and Company policies.

POLICIES AND PROCEDURES

12. The Board is responsible for:
- (a) Approving and reviewing compliance with all significant policies and procedures by which the Company is operated; and
 - (b) Approving policies and procedures designed to ensure that the Company operates within applicable laws and regulations and in accordance with ethical and moral standards.
13. The Board shall enforce its policy respecting confidential treatment of the Company's proprietary information and the confidentiality of Board deliberations.

COMMUNICATIONS AND REPORTING

14. The Board has approved and will review, from time to time, as circumstances warrant, a Corporate Disclosure Policy to address communications with shareholders, employees, financial analysts, governments and regulatory authorities, the media and the communities in which the business of the Company is conducted.
15. The Board is responsible for:
- (a) Overseeing that the financial results and related, required legal disclosure are reported timely, fairly, and in accordance with generally accepted accounting principles; and
 - (b) Overseeing the Company's implementation of systems to accommodate feedback from stakeholders.

CORPORATE GOVERNANCE

16. The Board is responsible for adopting and enforcing good corporate governance practices and processes. Annually, it reviews and approves the Corporate Governance Disclosure as found in this Circular.

INTEGRITY OF INTERNAL CONTROLS AND MANAGEMENT INFORMATION SYSTEMS

17. The Board is responsible for monitoring the efficiency and the integrity of the Company's internal controls and information systems.

The Board of Directors has reviewed this Mandate on October 6, 2016.

POSITION DESCRIPTIONS

The Board does not have written position descriptions for the Chair, or for the Chair of any Board committee. Because of their experience levels, the aforementioned Chairs understand their role and responsibilities. All directors are responsible for regular board attendance and advance review of meeting materials.

DIRECTOR ORIENTATION

There is an orientation meeting held by executive management for each new director. The orientation meeting includes presentations by executive management on business operations, corporate strategies and key risks of the business. New directors are provided with an information package on the Company's business, its strategic and operational business plans, its operating performance, its governance system and its financial position. New directors are also provided with the Board mandate, committee terms of reference, codes of conduct and applicable policies.

Annually, each member is involved in the review of the mandate for either the full Board, or for the committee to which they belong, or both. Members of the Board are welcome to visit any of the Company's facilities at their convenience. Due to their tenure with the Board, many members are quite familiar with the Company's operations.

CONTINUING EDUCATION

The Company will pay for continuing education for directors if they find appropriate programs related to their directorship. As part of continuing education, executive management makes regular presentations to the Board on the main areas of the Company's business. As well, when orientation meetings are held, existing directors are invited to attend the sessions too. In addition, directors are given the opportunity for extensive tours of the facilities of the Company and its subsidiaries which include presentations on products being developed at those facilities.

ETHICAL BUSINESS CONDUCT

The Company has adopted a Code of Ethics. It is available on the Internet either under the Company's filings on SEDAR (www.sedar.com) or on the Reko website (www.rekointl.com) in the Investor Relations area. The Company also will send you a copy free of charge, if requested.

The Board monitors compliance with its Code of Ethics by reviewing management reports and reports to the whistleblower line. The contact person for the whistleblower function is currently the Chair of the Audit Committee. The Board will therefore be well apprised of any concerns expressed by this means. To the knowledge of the Board, there have been no departures from the Code of Ethics. The Audit Chair is an Independent director, and his contact information is available in the Whistleblower Policy, available on our website. Any stakeholder may provide feedback to the Board through him.

Officers in attendance at Board meetings are expected to report any material changes or conflicts of interest, and directors are expected to abstain from voting on issues in which they have a material interest. The Board ensures that directors exercise independent judgement by asking directors with a material interest in transactions to abstain from voting. As well, when board members interact with management, they encourage and promote a culture of ethical business conduct.

NOMINATION OF DIRECTORS

Although the Board does not have a nominating committee, the Board has an objective nomination process, since any Board member is free to submit names of potential new candidates when there is a Board vacancy. The evaluation of those nominees is done by the full Board, with a view to enhancing the required competencies of the board at that point in time.

COMPENSATION

All compensation for directors and officers is approved through the Board's Compensation Committee. The Board determines compensation for the directors and executive officers by reviewing the recommendations of the Board's

Compensation Committee. They review the meeting fees and retainer fees relative to similar sized public companies through multiple sources, including the survey Corporate Board Governance and Director Compensation in Canada, published by Korn Ferry in partnership with Patrick O'Callaghan & Associates, while also considering risks and responsibilities. Directors' and executive officers' compensation is also approved by the Board's Compensation Committee, based upon market factors and level of responsibility. All of the members of the Compensation Committee are Independent. Discussion of directors' compensation can be found on pages 17, 21 and 22 of this Circular and NEOs' compensation can be found on page 17, 22, 23 and 24 of this Circular. There is no minimum-security ownership requirement for officers and directors.

ASSESSMENTS

The Board conducted their first assessment of members of the Board during fiscal 2011. The assessment was conducted via confidential surveys with Board members and key management personnel, with the results aggregated and any comments disclosed. It was determined based on criteria established by reviewing similar organizations and recommendations of directors' organizations that the board and committees are performing effectively. These steps were taken by the Board to satisfy itself that the Board, its committees and individual directors were performing effectively.

BOARD COMMITTEES

The full Board has assumed responsibility for corporate governance issues and has approved this Corporate Governance Disclosure. As well, it is responsible to ensure that corporate objectives of the CEO are consistent with those of the Company's stakeholders.

DECISIONS REQUIRING BOARD APPROVAL

In addition to those matters that must, by law, be approved by the Board, management is also required to seek Board approval for any disposition or purchase of a capital nature in excess of \$3,000,000. Management is also required to consult with the Board before entering into any venture, which is outside of the Company's existing business.

EXPECTATIONS OF MANAGEMENT

The information which management provides to the Board is critical. Directors must have confidence in the data gathering, analysis and reporting functions of management. The Audit Committee of the Board monitors the nature of information requested by, and provided to, the Board so that it is able to determine if the Board can be more effective identifying problems and opportunities for the Company.





APPENDIX B

COMPENSATION COMMITTEE CHARTER

PURPOSE

The Compensation Committee is appointed by the Board to review and approve the Company's compensation and benefit programs and activities.

COMMITTEE MEMBERSHIP

The Committee shall be comprised of the three Independent directors.

MEETINGS

The Committee shall meet as often as its members deem necessary to perform the Committee's responsibilities, but at least annually.

COMMITTEE RESPONSIBILITIES

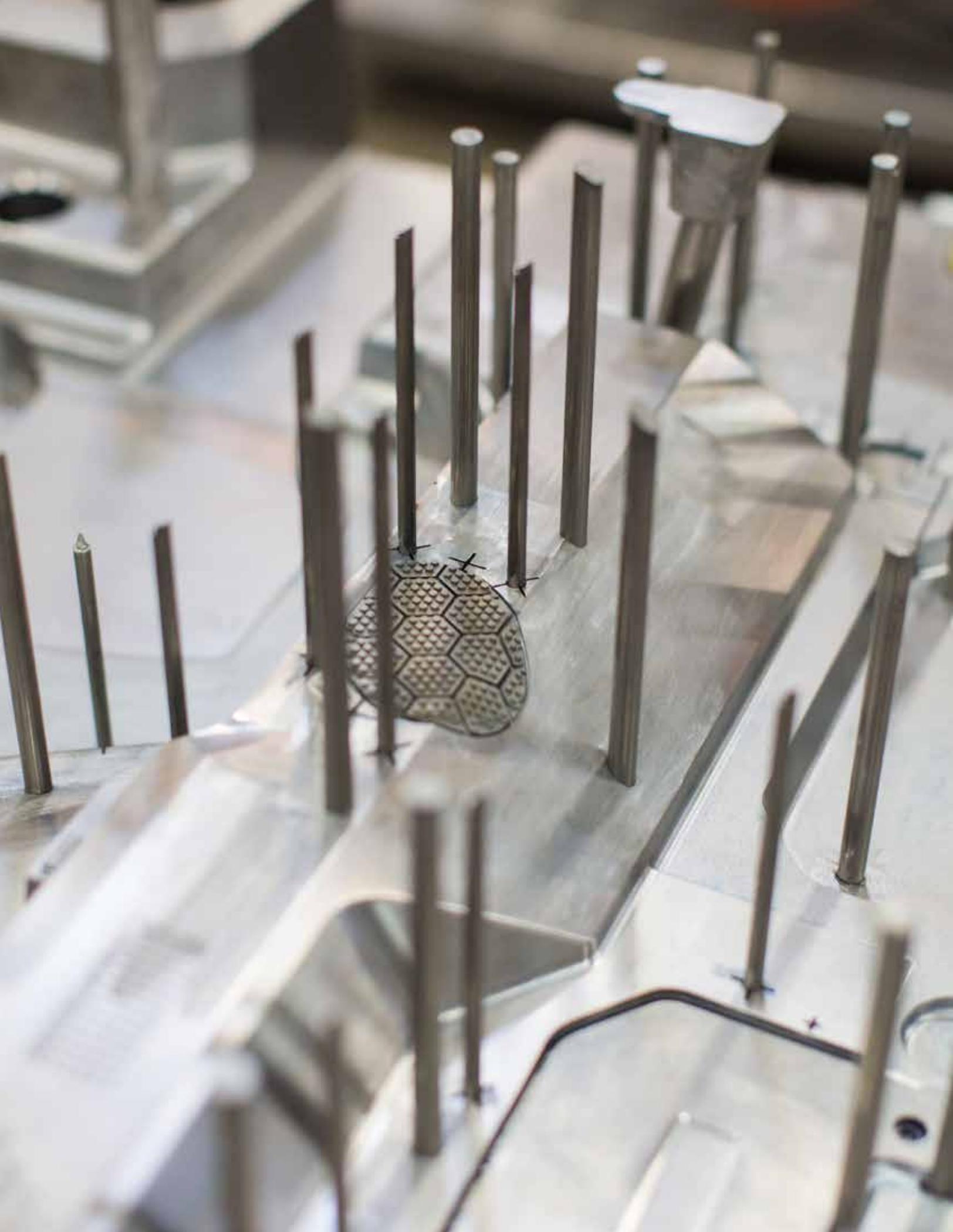
The Committee shall:

- Evaluate the performance of, and determine the compensation of, the CEO;
- Approve all salary, bonus, and long-term incentive awards for executive officers and directors;
- Review and recommend all equity-based compensation plans to the full Board and approve all grants and awards thereunder;
- Approve the annual committee report on executive compensation for inclusion in the Company's proxy circular.

The Committee will have the authority to retain compensation consultants and other professional advisors to assist it in carrying out its responsibilities.

The Committee will review and re-assess the adequacy of this charter annually.

The Compensation Committee has reviewed this Charter on October 6, 2016



APPENDIX C

AUDIT COMMITTEE CHARTER

I. Audit Committee purpose

The Audit Committee is appointed by the Board to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to:

- Identify and monitor the management of the principal risks that could impact the financial reporting of the Company;
- Monitor the integrity of the Company's financial reporting process and system of internal controls regarding financial reporting and accounting compliance, as well as the Company's processes for identifying and reporting fraud or illegal acts;
- Monitor the independence and performance of the Company's external auditors and internal auditing department; and
- Provide an avenue of communication among the external auditors, management, and the Board.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the external auditors as well as anyone in the organization. The Audit Committee has the ability to retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.

II. Audit Committee composition and meetings

Audit Committee members shall meet the requirements of the *Business Corporations Act* (Ontario) and the stock exchange on which the Company is listed. The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be outside directors who are unrelated, free from any relationship that, in the opinion of the Board, may interfere with the exercise of his or her independent judgment as a member of the Committee or independence from management and the Company. All members of the Committee shall be financially literate, being defined as able to read and understand basic financial statements, and at least one member of the Committee shall have accounting or related financial management expertise.

Audit Committee members shall be appointed by the Board on recommendation from the nominating process. If an Audit Committee Chair is not designated or present, the members of the Committee may designate a Chair by majority vote of the Committee membership.

The Committee shall meet at least four times annually, or more frequently as circumstances dictate, with meetings to be free of time constraints. The Audit Committee Chair shall prepare and/or approve an agenda in advance of each meeting. For a portion of each meeting, this Committee meets privately in executive session with the external auditors and as a committee to discuss any matters that the Committee, or each of these groups, believe should be discussed as appropriate. In addition, the Committee, or at least its Chair, should communicate with management and the external auditors quarterly to review the Company's interim financial statements and significant findings based upon the auditors' review procedures.

III. Audit Committee responsibilities and duties

REVIEW PROCEDURES

1. Review and reassess the adequacy of this Charter at least annually and submit the Charter to the Board for approval.
2. Review the Company's quarterly and annual audited financial statements and management's discussion and analysis and other disclosure documents containing financial information that would likely be material to either the quarterly or annual statements prior to their approval by the Board and release to the public. Review should include discussion with management and external auditors of significant issues regarding accounting principles, practices and significant management estimates and judgments.
3. Annually, in consultation with management and external auditors, oversee the integrity of the Company's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures. Review significant findings prepared by the external auditors, together with management's responses. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Audit Committee to ensure that management has done so. To this end, management is to provide the Audit Committee annually a formal report on internal control, which should set out the role of the external auditors and the internal auditor/controller/CFO in providing information and assurances to the Audit Committee.
4. Review the effectiveness of the overall process for identifying the principal business risks affecting financial reporting and the Company as a whole. Oversee the Company's management of the principal business risks and ensure that they are completely and fairly presented to the Committee and to provide the Committee's view to the Board.
5. Review with the Chief Financial Officer, the Controller and the external auditors the Company's quarterly financial results and related documents prior to the release of earnings and/or the Company's quarterly financial statements prior to filing or distribution. Discuss any significant changes to the Company's accounting principles with the Independent Auditors, the Chief Financial Officer and the controller to ensure that the proposed changes are appropriate and that such changes are implemented effectively. The Chair of the Committee may represent the entire Audit Committee for purposes of this review.
6. Periodically, assess the adequacy of procedures for the review of public disclosure of financial information extracted or derived from the financial statements.

EXTERNAL AUDITORS

7. The external auditors are ultimately accountable to the Audit Committee and the Board, as representatives of the shareholders. The Audit Committee shall review the independence and performance of the auditors and annually recommend to the Board the appointment of the external auditors or approve any discharge of auditors when circumstances warrant.
8. The Audit Committee shall approve all auditing fees and other significant compensation to be paid to the external auditors. The Audit Committee has adopted a pre-approval policy for the engagement of non-audit services. Services less than CAD \$10,000 in value are pre-approved provided that the Audit Committee is advised of all such services.

9. On an annual basis, the Committee shall review and discuss with the external auditors all significant relationships they have with the Company that could impair the auditors' independence, as well as assess their working relationship with management.
10. Review the external auditors' audit plan – discuss and approve audit scope, staffing, locations, reliance upon management, and internal audit and general audit approach.
11. Prior to releasing the year-end earnings, discuss the results of the audit with the external auditors. Discuss certain matters with the auditors that are required to be communicated to audit committees in accordance with the standards established by the Canadian Institute of Chartered Accountants.
12. Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in the Company's financial reporting. Resolve disagreements between management and the external auditor regarding financial reporting.

LEGAL COMPLIANCE

13. On at least an annual basis, review with the Company's counsel any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.

OTHER AUDIT COMMITTEE RESPONSIBILITIES

14. Annually assess the effectiveness of the Committee against its Charter and report the results of the assessment to the Board.
15. Prepare and disclose a summary of the Charter to shareholders.
16. Perform any other activities consistent with this Charter, the Company's by-laws, and governing law, as the Committee or the Board deems necessary or appropriate.
17. Maintain minutes of meetings and regularly report to the Board on significant results of the foregoing activities.
18. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, or auditing matters and for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
19. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees, of the present and former external auditors.

WAIVERS

20. The Audit Committee, at its sole discretion, may choose to waive disciplinary action in response to non-compliance with the Code. Reko International Group Inc. promptly will disclose any such waivers granted to any of its executive officers, senior financial officers, or directors as required under applicable law and regulation.

The Audit Committee has reviewed this Charter on June 2, 2016.



APPENDIX D

LEAD DIRECTOR MANDATE

The Independent directors of the Board are represented by an Independent director (the “Lead Director”) who is responsible to support the effective performance of the Independent directors on the Board.

RESPONSIBILITIES

The Lead Director has the following responsibilities:

WITH RESPECT TO INDEPENDENT DIRECTOR EFFECTIVENESS

- (1) Taking all reasonable steps to ensure that the Independent directors work as a cohesive team within the Board and providing the leadership essential to achieve this.
- (2) Arranging for adequate resources being available to the Independent directors (in particular timely and relevant information) to support their work.
- (3) Providing input on agenda items for Board meetings that are requested by Independent directors.

WITH RESPECT TO INDEPENDENT DIRECTOR MANAGEMENT

- (4) Chairing meetings of the Independent directors (outside of Board committee work of those Independent directors).
- (5) Taking all reasonable steps to ensure that the conduct of Board meetings facilitates discussions and provides adequate time for effective study and discussion of the business under consideration by the Independent directors.
- (6) Taking all reasonable steps to ensure that the Independent directors meet periodically without management and other non-Independent directors present.

WITH RESPECT TO THE RELATIONSHIP BETWEEN THE BOARD AND THE INDEPENDENT DIRECTORS

- (7) Taking all reasonable steps to ensure that the expectations of the Board toward the Independent directors are clearly expressed, understood and respected.
- (8) Acting as liaison between the Board and the Independent directors outside of normal Board committee mandates. This involves working closely with the Chair of the Board to ensure that the Company is building a healthy governance culture.