

# tracesafe

**TraceSafe Inc.**

**Notice of Meeting**

**and**

**Information Circular**

**in respect of an**

**ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**to be held on Tuesday, August 17, 2021**

***INFORMATION CIRCULAR***

**Dated: July 13, 2021**

This document requires immediate attention. If you are in doubt as to how to deal with the documents or matters referred to in this Information Circular, you should immediately contact your advisor.

# tracesafe

## TRACESAFE INC.

### NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that an annual general meeting (the “**Meeting**”) of the holders of common shares of **TraceSafe Inc.** (the “**Company**”) will be held on **Tuesday, August 17, 2021**, at the hour of **1:00 p.m.** (Central time), at the offices located at the offices of Regus, 141 West Jackson, Suite 300A, Chicago, Illinois for the following purposes:

1. to receive the audited consolidated financial statements of the Company for the year ended December 31, 2020, together with the report of the auditors thereon;
2. to elect the directors for the ensuing year;
3. to appoint Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants, as the Company’s auditors for the ensuing year and to authorize the directors to fix their remuneration;
4. to consider, and if deemed appropriate, to pass, with or without variation, an ordinary resolution ratifying, affirming and approving the 20% rolling long-term performance incentive plan, as more particularly described in the accompanying Information Circular; and
5. to transact such other business as may properly come before the Meeting or any adjournment thereof.

The specific details of the foregoing matters to be put before the Meeting are set forth in the Management Information Circular (the “**Circular**”) accompanying this notice. The Company’s board of directors has, by resolution, fixed the close of business on **July 13, 2021**, as the **record date**, being the date for the determination of the holders of common shares of the Company entitled to notice of and to vote at the Meeting and any adjournment(s) or postponement(s) thereof.

This notice is accompanied by the Circular, either a form of proxy for registered shareholders or a voting instruction form (“VIF”) for certain beneficial shareholders and a supplemental mailing list return card. If you are unable to attend the Meeting, you should read the notes to the enclosed form of proxy or VIF, as applicable, and complete and return the proxy or VIF, as applicable, to the Company’s registrar and transfer agent, Computershare Investor Services Inc., Proxy Dept., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, by **1:00 p.m. (Central time)** on **August 13, 2021**, or at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) before the Meeting or any adjournment(s) thereof. In addition, Computershare provides both telephone voting and internet voting services as described on the form of proxy and VIF.

If you are a non-registered shareholder of the Company and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or such other intermediary. If you are a non-registered shareholder of the Company and do not complete and return the materials in accordance with such instructions, you may lose your right to vote at the Meeting, either in person or by proxy.

**In compliance with the current government orders and guidelines aimed at ensuring public safety in the face of the COVID-19 pandemic, TraceSafe strongly encourages shareholders to vote in advance of the meeting using the Form of Proxy or VIF. Please be sure to vote in advance of the meeting prior to the 1:00 pm, Central Daylight Time deadline on Friday, August 13, 2021.**

**DATED** at Road Town, Tortola, BVI this 13th day of July 2021.

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) “*James Passin*”

James Passin  
Chairman of the Board

# TRACESAFE INC.

## MANAGEMENT INFORMATION CIRCULAR

Annual General Meeting of Shareholders  
(all information is as of July 13, 2021, unless otherwise noted)

### SOLICITATION OF PROXIES

This Information Circular (the "**Circular**") is furnished in connection with the solicitation of proxies by the management (the "**Management**") of TraceSafe Inc. (the "**Company**"), for use at the annual general meeting (the "**Meeting**") of its shareholders (the "**Shareholders**") of the Company to be held on **Tuesday, August 17, 2021** at the time and place and for the purposes set forth in the accompanying notice of meeting (the "**Notice**") and at any adjournments thereof. While it is expected that the solicitation will be made primarily by mail, proxies may be solicited personally or by telephone by directors, officers, employees or agents of the Company. All costs of this solicitation will be borne by the Company. The Company is not sending proxy-related materials using notice-and-access.

All dollar amounts referenced herein are Canadian Dollars unless otherwise stated.

### APPOINTMENT OF PROXIES

The persons named as proxy nominees (the "**Designated Persons**") in the enclosed instrument of proxy (the "**Proxy**") are directors and/or officers of the Company, or persons designated by them.

**Each Shareholder has the right to appoint a person or corporation (who need not be a Shareholder) to attend and represent the Shareholder at the Meeting other than the Designated Persons. To exercise this right, a Shareholder shall strike out the printed names of the Designated Persons in the Proxy and insert the name of its proxy nominee in the blank space provided in the Proxy, or complete another valid instrument of proxy.** Such Shareholder should notify its proxy nominee of the appointment, obtain the proxy nominee's consent to act as proxy nominee and provide instructions to its proxy nominee on how the Shareholder's common shares should be voted. The proxy nominee should bring personal identification to the Meeting.

### EXECUTION AND DELIVERY OF PROXY

An instrument of proxy will not be valid unless signed and dated by the Shareholder giving it or that Shareholder's attorney-in-fact duly authorized in writing, or, in the case of a corporation, signed and dated by an officer or attorney-in-fact duly authorized in writing for the corporate Shareholder. If an instrument of proxy is executed by an attorney-in-fact, or by an officer or attorney-in-fact for a corporate Shareholder, the instrument so empowering the attorney-in-fact or officer, as the case may be, or a notarised certified copy thereof, should accompany the instrument of proxy.

An instrument of proxy will not be valid unless deposited with the Company's registrar and transfer agent, Computershare Investor Services Inc. (the "**Transfer Agent**"), at its offices located on the 9th Floor, 100 University Avenue, Toronto, ON M5J 2Y1, or by toll-free fax within North America to 1-866-249-7775, at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) prior to the scheduled time of the Meeting, or any adjournment or postponement thereof.

### VOTING OF PROXY

If instructions as to voting indicated in a Proxy are certain, the common shares represented by a Proxy will be voted or withheld from voting by the Designated Persons in accordance with the instructions of the Shareholder on any ballot that may be called for, and if the Shareholder specifies a choice with respect to any matter to be acted upon, the securities will be voted accordingly. **In the absence of certain instructions in a Proxy or other instrument of proxy, it is intended that the common shares represented thereby will be voted in favour of the motions proposed to be made at the Meeting as stated in the Notice and in this Circular.**

The Proxy, when properly signed and delivered, confers discretionary authority upon the proxy nominee with respect to any amendments or variations to the matters identified in the Notice or in this Circular or any other matters which may properly come before the Meeting. At the date of this Circular, Management is not aware of any such amendments, variations or other matters. If, however, any amendments, variations or other matters should properly come before the Meeting, such discretionary authority conferred by a Proxy will be exercised in accordance with the best judgment of the Designated Persons on such matters.

## REVOCATION OF PROXY

A Shareholder who has given an instrument of proxy may revoke it at any time before it is exercised. The revocation of an instrument of proxy does not affect any matter on which a vote has been taken prior to such revocation.

In addition to revocation in any other manner permitted by law, an instrument of proxy may be revoked by an instrument in writing (i) signed by the Shareholder or that Shareholder's attorney-in-fact duly authorized in writing, or, in the case of a corporation, signed by an officer or attorney-in-fact duly authorized in writing for the corporate Shareholder; and (ii) delivered either to the Transfer Agent at the address/fax number set forth above at any time up to and including the last business day preceding the day of the Meeting or any adjournment or postponement thereof, or to the Chair of the Meeting on the day of the Meeting and prior to the commencement thereof or, in the case of any adjournment or postponement, prior to the reconvening thereof.

An instrument of proxy will also automatically be revoked by either (i) attendance at the Meeting and participation in a poll (ballot) by the Shareholder, or (ii) submission of a subsequent proxy in accordance with the foregoing procedures.

## ADVICE TO BENEFICIAL SHAREHOLDERS

**The information set forth in this section is of significant importance to many Shareholders as a substantial number of Shareholders do not hold common shares in their own name.** Shareholders who do not hold their common shares in their own name (referred to herein as a "**Beneficial Shareholder**") should note that only proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of common shares (a "**Registered Shareholder**") can be recognized and acted upon at the Meeting.

**If common shares are listed in an account statement provided to a Shareholder by a broker or another intermediary then in almost all cases those common shares will not be registered in the name of the Shareholder on the records of the Company, but in the name of that broker or intermediary or an agent of the broker or intermediary.** In Canada, the vast majority of such common shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms and banks) and in the United States, under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many United States brokerage firms and banks).

**Beneficial Shareholders should ensure that instructions respecting the voting of their common shares are communicated to the appropriate person well in advance of the Meeting.** Applicable regulatory policies require intermediaries and brokers to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Each intermediary and broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker or intermediary or an agent of that broker or intermediary is often similar to the Proxy provided to Registered Shareholders by the Company. Its purpose, however, is limited to instructing the Registered Shareholder (the broker or intermediary or an agent of that broker or intermediary) on how to vote on behalf of the Beneficial Shareholder.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically applies a special sticker to proxy forms, mails those forms to the Beneficial Shareholders, and asks those Beneficial Shareholders to return the forms to Broadridge or follow specific telephone or other voting procedures. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of the common shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Broadridge proxy form cannot use that proxy form to vote common shares directly at the Meeting. The proxy form must be returned to Broadridge or the alternative voting procedures must be completed well in advance of the Meeting in order to ensure such common shares are voted at the Meeting.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his broker or intermediary (or agent of that broker or intermediary), a Beneficial Shareholder may attend at the Meeting as proxy holder for the Registered Shareholder and vote their common shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their common shares as proxy holder for the Registered Shareholder should contact their broker, intermediary or other agent or nominee holder well in advance of the Meeting for instructions.

These security holder materials are being sent to both registered and non-registered owners of the common shares of the Company. If you are a non-registered owner and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. In this event, by choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

**All references to Shareholders in this Circular and the Proxy are to Registered Shareholders unless specifically stated otherwise.**

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

None of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than as disclosed herein

### VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

#### Description of Share Capital

The Company is authorized to issue an unlimited number of common shares (the “Common Shares”) and an unlimited number of preferred shares. Each Common Share entitles the holder of record thereof to one vote at all meetings of the shareholders of the Company. As at the close of business on July 13, 2021, there were **44,806,888** Common Shares issued and outstanding. No preferred shares were issued and outstanding. The Company has no other classes of voting securities.

#### Record Date

The directors of the Company have fixed July 13, 2021 as the record date for the determination of the shareholders of the Company entitled to receive notice of the Meeting. Shareholders of record of the Company at the close of business on July 13, 2021 will be entitled to vote at the Meeting and at all adjournments thereof, except to the extent that a shareholder has transferred any Common Shares after the record date.

The Common Shares are listed on the Canadian Securities Exchange (the “CSE”).

#### Ownership of Securities of the Company

As at July 13, 2021, to the knowledge of the directors and executive officers of the Company, no person or company beneficially owns or exercises control or direction over, directly or indirectly, voting securities of the Company carrying 10% or more of the voting rights attached to any class of voting securities of the Company, other than as set forth below:

Name <sup>(1)</sup>	Approximate no. of common shares owned, controlled or directed	Percentage of Issued and Outstanding Shares <sup>(2)</sup>
James Passin	7,330,268 <sup>(3)</sup>	16.36%

(1) The majority of the Common Shares are held by the CDS & Co., an intermediary, and as such Management is unaware of the beneficial holders thereof. The above information is based upon information supplied by the Company's registrar and transfer agent and the Company's Management.

(2) Based on **44,806,888** Common Shares outstanding on the Record Date.

(3) Disclosed holding is controlled by James Passin, a director of the Company, who has direct control of 7,271,504 Common Shares and indirect control and direction of (i) 12,625 Common Shares held by Passin Management Limited Partnership, and (ii) 46,139 Common Shares held by FG2 Advisors LLC.

### STATEMENT OF EXECUTIVE COMPENSATION

Unless otherwise noted the following information is for the Company's last completed financial year ended December 31, 2020.

For the purpose of the Circular:

“compensation securities” includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the Company or one of its subsidiaries (if any) for services provided or to be provided, directly or indirectly to the Company or any of its subsidiaries (if any);

A Named Executive Officer (“NEO”) of the Company means each of the following individuals:

- (a) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer (“CEO”), including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief financial officer (“CFO”), including an individual performing functions similar to a CFO;
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6V – *Statement of Executive Compensation* for that financial year, for that financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year .

As of the fiscal year ended December 31, 2020, the Company had three NEOs, namely (i) Mr. Wayne Lloyd who was appointed as President and CEO on April 18, 2018; (ii) Mr. Alan Tam, who was appointed as CFO of the Company on August 2, 2017 and resigned as CFO on March 22, 2021; and (iii) Mr. Gordon Zeilstra, who was appointed as Chief Revenue Officer (“CRO”) of the Company’s wholly-owned subsidiary, TraceSafe Technologies Inc. on May 27, 2020. Emily Graham was appointed as CFO subsequent to the end of the most recently completed financial year, on March 22, 2021.

### **Compensation Discussion and Analysis**

The compensation program for the senior management of the Company is designed to ensure that the level and form of compensation achieves certain objectives, including:

- to attract and retain highly qualified management;
- to align executive compensation with shareholders’ interests;
- to focus performance by linking incentive compensation to the achievement of business objectives and financial results; and
- to encourage retention of key executives for leadership succession.

The Company’s executive compensation program comprises three elements: base salary, bonus incentives and equity participation. The compensation program is designed to pay for performance.

#### *Base Salary*

Base salary is the principal component of an executive officer’s compensation package and it is an important component of the compensation strategy for the executives of the Company. The success of the Company in continuously delivering value for shareholders is largely determined by the quality and consistency of the Company’s strategy and how well the Company can execute on its development plans. In this regard, it is very important to ensure that its base salary compensation programs are designed to attract, motivate and retain the executives required for this crucial phase of development for the Company. Base salary levels take into account the officers’ individual responsibilities, experience, performance and contribution toward enhancing shareholder value. Annual base salaries are established based on the experience of the members of the compensation committee. External consultants are not used.

#### *Incentive Compensation*

The determination of annual incentives for each of the NEOs is subjective and relies on compensation committee discussion without formalized objectives. However, the compensation committee will consider:

- the Company’s overall performance; and

- the senior officers; contribution to that performance, including their contribution in respect of activities such as advancement of material mineral projects; marketing of the Company and completion of capital raising transactions, improvement in corporate governance through creation and implementation of policies and procedures and improvement in internal reporting, cost control and budgeting.

#### *Stock Options*

For a discussion of the Company's share option plan, please see discussion under "Approval and Ratification of 20% Rolling Long-Term Incentive Plan" below.

Options to purchase the Company's common shares and share purchase plans encourage executive officers to own and hold the Company's common shares and are another method of linking the performance of the Company and the appreciation of share value to the compensation of the executive officers. When determining the number of options granted to an executive officer, items such as the relative position of the individual officer, the contribution made by that officer during the review period, and the number of options granted previously would be taken into consideration.

Employees, including senior executives, are rewarded for the achievement of annual operating and financial goals, progress in executing the Company's long-term growth strategy and delivering strong total shareholder return performance through a combination of the above elements of the Company's compensation plan.

The Company reviews industry compensation information and compares its level of overall compensation with those of comparable sized growth stage IoT and wearable technology companies. Generally, the Company targets base management fees at levels approximating those holding similar positions in comparably sized companies in the industry and hopes to achieve competitive compensation levels through the fixed and variable components.

The Company's total compensation mix places a significant portion of the executive's compensation at risk and relies heavily on the award of stock options. The design takes into account individual and corporate performance. Compensation practices, including the mix of base management fees, short-term incentives and long-term incentives, are regularly assessed to ensure they are competitive, take account of the external market trends and support the Company's long-term growth strategies. Due to the early stage of the Company's development programs, the flexibility to quickly increase or decrease appropriate human resources is critical. Accordingly, the Company does not enter into long-term commitments with its officers.

The board of directors of the Company (the "Board") has not conducted a formal evaluation of the implications of the risks associated with the Company's compensation policies. Risk management is a consideration of the Board when implementing its compensation policies and the Board does not believe that the Company's compensation policies result in unnecessary or inappropriate risk-taking including risks that are likely to have a material adverse effect on the Company.

#### *Role of the Compensation Committee*

The Compensation Committee was established on July 9, 2012, by the Board to assist in fulfilling the Board's responsibilities relating to compensation issues and to establish a plan of continuity for executive officers. The Compensation Committee ensures that the Company has an executive compensation plan that is both motivational and competitive so that it will attract, hold and inspire performance by executive officers of a quality and nature that will enhance the sustainable profitability and growth of the Company.

The Compensation Committee reviews and recommends the compensation philosophy and guidelines for the Company which includes reviewing compensation for executive officers for recommendation to the Board.

The Compensation Committee reviews, on an annual basis, the cash compensation, performance and overall compensation package for each executive officer. It then submits its recommendations to the Board with respect to the basic salary, bonus and participation in share compensation arrangements for each executive officer.

In making its recommendations in fiscal 2020, the Compensation Committee was satisfied that all recommendations complied with the Compensation Committee's philosophy and guidelines.

### Composition of the Compensation Committee

As of December 31, 2020, the Compensation Committee was comprised of three of the Company's five Directors: James Passin, Gregory Kallinikos and Jeremy L. Gardner. The Compensation Committee determines the compensation for the Corporation's management and executive officers.

### **Director and NEO Compensation, Excluding Compensation Securities**

The following table sets forth all annual compensation for services paid to or earned by the NEOs and the directors for the two most recently completed financial years fiscal years ended December 31, 2020 and 2019.

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (US\$)	Bonus (US\$)	Committee or meeting fees (US\$)	Value of perquisites (US\$)	Value of all other compensation (US\$)	Total compensation (US\$)
Wayne Lloyd <sup>(1)</sup> CEO, Director	2020	129,105	Nil	Nil	Nil	Nil	129,105
	2019	90,540	Nil	Nil	Nil	Nil	90,540
Alan Tam <sup>(2)</sup> Former CFO	2020	79,228	Nil	Nil	Nil	Nil	79,228
	2019	55,757	Nil	Nil	Nil	Nil	55,756
Gordon Zeilstra <sup>(3)</sup> CRO of subsidiary	2020	128,333	Nil	Nil	Nil	Nil	128,333
	2019	Nil	Nil	Nil	Nil	Nil	Nil
James Passin <sup>(4)</sup> Chair, Director	2020	42,000	Nil	Nil	Nil	Nil	42,000
	2019	42,000	Nil	Nil	Nil	Nil	42,000
Donald Padgett <sup>(5)</sup> Former Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	3,500	Nil	Nil	Nil	76,169	79,669
Gregory Kallinikos <sup>(6)</sup> Director	2020	42,000	Nil	Nil	Nil	Nil	42,000
	2019	42,000	Nil	Nil	Nil	Nil	42,000
Jeremy L. Gardner <sup>(7)</sup> Director	2020	42,000	Nil	Nil	Nil	Nil	42,000
	2019	42,000	Nil	Nil	Nil	Nil	42,000
Murray Tevlin <sup>(8)</sup> Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil

- (1) Mr. Lloyd was appointed as director on April 9, 2018 and as CEO on April 18, 2018. As at December 31, 2020, \$Nil in payables or accruals were due to Mr. Lloyd for his services as CEO. As an executive officer, Mr. Lloyd is not compensated for services as a director. Mr. Lloyd is being paid in CAD.
- (2) Mr. Tam was appointed CFO of the Company on August 2, 2017 and resigned as CFO on March 22, 2021. As at December 31, 2020, \$Nil in payables or accruals were due to Mr. Tam. Mr. Tam is being paid in CAD. Ms. Emily Graham was appointed CFO of the Company subsequent to the end of the most recently completed financial year, on March 22, 2021.
- (3) Mr. Zeilstra was appointed as CRO of the Company's wholly owned subsidiary on May 27, 2020. The terms of his engagement include an annual salary of US\$220,000. As at December 31, 2020, \$128,333.32 in payables or accruals were due to Mr. Zeilstra. Mr. Zeilstra was paid in US\$.
- (4) Mr. Passin was appointed as a director on November 14, 2011. As at December 31, 2020, \$Nil in payables or accruals were due to Mr. Passin. Mr. Passin is being paid in US\$.
- (5) Mr. Padgett was appointed as director on November 14, 2011 and resigned as director of the Company on November 29, 2020. As at December 31, 2020, \$Nil in payables or accruals were due to Mr. Padgett. On February 22, 2019, Mr. Padgett received US\$76,169 pursuant to a debt settlement agreement. Mr. Padgett was being paid in US\$.
- (6) Mr. Kallinikos was appointed as Director on April 9, 2018. As at December 31, 2020, \$Nil in payables was due to Mr. Kallinikos. Mr. Kallinikos was paid in US\$.
- (7) Mr. Gardner was appointed as a director on April 9, 2018. As at December 31, 2019, \$Nil in payables was due to Mr. Gardner. Mr. Gardner was paid in US\$.
- (8) Mr. Tevlin was appointed as Director on November 29, 2020.



### Stock Options and Other Compensation Securities

The following table discloses all compensation securities granted or issued to each NEO and director by the Company in the financial year ended December 31, 2020 for services provided or to be provided, directly or indirectly, to the Company.

Compensation Securities							
Name and Position	Type of compensation security	Number of compensation securities, number of underlying securities, & percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Gordon Zeilstra, CRO of subsidiary	Stock Options	400,000	September 18, 2020	\$0.62	\$0.77	\$0.63	September 18, 2025
Murray Tevlin Director	Stock Options	300,000	Nov 29, 2020	\$0.40	\$0.355	\$0.63	Nov 29, 2025

As at December 31, 2020:

- Mr. Lloyd held 350,000 stock options exercisable at \$0.20 until October 15, 2023. All of Mr. Lloyd's options vested on October 15, 2018.
- Mr. Tam held 125,000 stock options exercisable at \$0.20 until October 15, 2023. All of Mr. Tam's options vested on October 15, 2018. Mr. Tam resigned as CFO on March 22, 2021.
- Mr. Zeilstra held 400,000 stock options exercisable at \$0.62 until September 18, 2025. All of Mr. Zeilstra's stock options vested on September 18, 2020.
- Mr. Passin held 250,000 stock options exercisable at \$0.20 until October 15, 2023. All of Mr. Passin's options vested on October 15, 2018.
- Mr. Padgett held 150,000 stock options exercisable at \$0.20 until October 15, 2023. All of Mr. Padgett's options vested on October 15, 2018. Mr. Padgett resigned as director of the Company on November 29, 2020.
- Mr. Kallinikos held 150,000 stock options exercisable at \$0.20 until October 15, 2023. All of Mr. Kallinikos' options vested on October 15, 2018.
- Mr. Gardner held 150,000 stock options exercisable at \$0.20 until October 15, 2023. All of Mr. Gardner's options vested on October 15, 2018.
- Mr. Murray Tevlin held 300,000 stock options exercisable at \$0.40 until December 6, 2025. 1/3 of Mr. Tevlin's options vested on November 29, 2020, with 1/3 vesting on November 29, 2021 and 1/3 vesting on November 29, 2022.

## Exercise of Compensation Securities by Directors and NEOs

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 (\$)
Donald Padgett, Former Director	Stock Options	50,000	0.20	December 15, 2020	0.67	0.47	33,500

### Stock Option Plan and Other Incentive Plans

As at the end of the most recently completed fiscal year ended December 31, 2020, there were 2,350,000 options outstanding. Based on the Company having share capital of 35,765,784 common shares issued and outstanding, an additional 1,226,578 options could be granted under the stock option plan of the Company, dated April 9, 2018 (the "Legacy Plan").

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution ratifying, affirming and approving a new long-term performance incentive plan (the "LTIP"), which would replace the Legacy Plan. See "*Particulars of Matters to be Acted Upon – Approval and Ratification of 20% Rolling Long-Term Incentive Plan*".

### Description of the Legacy Plan

At the annual meeting of shareholders of the Company held on November 17, 2020, the shareholders ratified, confirmed and re-approved the Legacy Plan which reserves for issuance upon the grant of stock options a rolling maximum of 10% of the number of common shares issued and outstanding on the applicable date of grant. The Legacy Plan authorizes the Board to issue options to directors, officers, key employees and others who are in a position to contribute to the future success and growth of the Company.

Under the Legacy Plan, the aggregate number of common shares issuable upon exercise of options granted thereunder may not exceed 10% of the total number of outstanding common shares at the time the options are granted. Further, the aggregate number of common shares issuable upon the exercise of the options granted thereunder to any one individual may not exceed 5% of the total number of outstanding common shares of the Company. Options issued pursuant to the Legacy Plan must have an exercise price not less than that from time to time permitted by the stock exchange on which the common shares are then listed. The period during which an option may be exercised shall be determined by the Board at the time the option is granted, subject to any vesting limitations which may be imposed by the Board at the time such option is granted, provided no option shall be exercisable for a period exceeding ten years from the date the option is granted.

The options granted under the Legacy Plan expire on the earlier of the date of the expiration of the option period noted above and in the case of optionees who are directors, officers, employees or consultants must expire within a reasonable period not exceeding 90 days after the date that a holder ceases to hold the position or positions of director, officer, employee or consultant of the Company, and within 30 days for any optionee engaged in investor relations activities. In the event of the death or permanent disability of a holder, any option previously granted to him shall be exercisable until the end of the option period noted above or until the expiration of 90 days after the date of death or permanent disability of such option holder, whichever is earlier.

In addition to the terms of the Legacy Plan mentioned above, regulatory policies require approval by the affirmative vote of a majority of the votes cast at the Meeting, other than the votes attaching to the common shares beneficially owned by the insiders of the Company to whom the options may be granted pursuant to the Option Plan, or their associates to the Company if the Company is proposing any of the following:

- (a) decreasing the exercise price of stock options previously granted to insiders;
- (b) issuing to insiders, upon the exercise of stock options, within a one-year period, shares exceeding 10% of the outstanding listed shares; and
- (c) issuing to any one insider and such insider's associates, upon the exercise of stock options, within a one-year period, shares exceeding 5% of the outstanding listed shares.

#### **Other Awards**

Outside of the Legacy Plan the Company had 4,250,000 performance share awards outstanding pursuant to independent award agreements in connection with consulting agreement entered into by the Company with certain directors and officers of the Company. 1,700,000 vested immediately upon grant on January 15, 2020. The remaining 2,550,000 performance shares underlying the awards remained unissued as at December 31, 2020. See "Employment, Consulting and Management Agreements".

#### **Oversight description of director and NEO compensation**

The Board determines director compensation, giving consideration to the recommendations of the Compensation Committee. The Compensation Committee periodically reviews the adequacy and form of compensation of the directors to ensure the compensation appropriately reflects the responsibilities and risks involved in being an effective director and, based on such review, reports and makes recommendations to the Board.

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

During the most recently completed financial year, the significant terms of the employment agreement or arrangement for each Director and NEO is as follows:

- Mr. Wayne Lloyd entered into a consulting agreement with the Company dated January 15, 2020 that provided for monthly compensation of \$12,500. Mr. Lloyd provided his services to the Company through a privately held company controlled by Mr. Lloyd. Under the terms of his consulting agreement, Mr. Lloyd was granted 2,500,000 performance share units ("PSU"). Each PSU award represents one common share on vesting upon satisfaction of certain performance milestones over a three-year period. 1,000,000 PSUs automatically vested into 1,000,000 common shares on January 15, 2020 and an additional 500,000 PSUs vested into 500,000 common shares upon the achievement of performance milestone on April 9, 2020. Upon termination for certain termination events or for "just cause", as such terms are defined in the agreement, no notice or pay in lieu of notice or any other form of compensation is owed. If the agreement is voluntarily terminated by the Company without "just cause", the Consultant is owed a 90 day written notice.
- Mr. Tam did not have a compensation arrangement with the Company but invoiced the Company on a monthly basis for management and CFO services performed through a privately company controlled by Mr. Tam. Mr. Tam resigned as CFO of the Company on March 22, 2021.
- Mr. Zeilstra entered into a consulting agreement with the Company's wholly-owned subsidiary dated May 27, 2020 that provided for annual compensation of US\$220,000. Mr. Zeilstra is eligible to receive additional cash compensation in an amount, if any, calculated in accordance with the terms of his consulting agreement. As of the end of the fiscal year ended December 31, 2020, no such commission compensation was paid. Under the terms of Mr. Zeilstra's consulting agreement, he is eligible for an annual grant of stock options to acquire common shares of the Company under the Legacy Plan. An initial grant of stock options was made at the time of entry into such agreement equal to US\$80,000 with a term of two years and fully vested on August 27, 2020. Upon termination for "just cause", as such term is defined in the agreement, no notice or pay in lieu of notice or any other form of compensation is owed. If the agreement is voluntarily terminated by the Company without "just cause", the Consultant is owed a 30 day written notice or payment in lieu thereof, to be paid as a lump sum. Any stock option awards vested and outstanding at the date of such termination, or by voluntary termination by Mr. Zeilstra, will continue in full force and effect for a period of thirty (30) days following the date of termination.
- Mr. Kallinikos did not have any compensation arrangement with the Company. He was paid US\$3,500 on a month-by-month basis for director fees.
- Jeremy L. Gardner did not have any compensation arrangement with the Company. He was paid US\$3,500 on a month-by-month basis for director fees.

- Mr. Passin entered into a consulting agreement with the Company dated January 15, 2020, that provided for monthly compensation of US\$3,500. Under the terms of his consulting agreement, Mr. Passin was granted 1,750,000 PSUs. Each PSU award represents one common share on vesting upon satisfaction of certain performance milestones over a three-year period. 700,000 PSUs automatically vested into 700,000 common shares on January 15, 2020 and an additional 350,000 PSUs vested into 350,000 common shares upon the achievement of performance milestone on April 9, 2020.
- Mr. Padgett did not have any compensation arrangement with the Company. Mr. Padgett resigned as director of the Company on November 29, 2020.
- Mr. Murray Tevlin did not have any compensation arrangement with the Company.

### **Pension Plan Benefits**

The Company has no pension, defined benefit or defined contribution plans in place.

### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets forth information with respect to the Legacy Plan as at the end of the most recently completed financial year.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans [excluding securities reflected in column (a)]</b>
Equity compensation plans approved by security holders <sup>(1)</sup>	2,350,000	\$0.33	1,226,578
Equity compensation plans not approved by security holders	2,550,000 (PSUs)	\$1.05	N/A
Total	2,350,000 2,550,000 (PSUs)	\$0.69	1,226,578

(1) Refers to the "rolling" Stock Option Plan of the Company, which was adopted on April 9, 2018, and pursuant to which directors, officers, employees and consultants may be granted options to acquire common shares as an incentive mechanism to foster their interest in the success of the Company and to encourage their proprietary ownership of the Company.

2,550,000 performance share awards were granted to certain directors and officers of the Company in the fiscal year ended December 31, 2020 that were not under a shareholder approved incentive plan of the Company nor approved directly by shareholders. These awards were granted in connection certain directors and officers entering into consulting agreements with the Company, and are subject to the completion of certain performance-based restrictions. See "*Employment, Consulting and Management Agreements*".

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

None of the individuals who are, or at any time during the most recently completed year were, directors or executive officers of the Company or any subsidiary thereof, the proposed nominees for election as a director, or associates of such persons, is or has been indebted to the Company (other than routine indebtedness) at any time since the beginning of the most recently completed financial year, or is a person whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or a subsidiary thereof.

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

No informed person of the Company, proposed director of the Company or any associate or affiliate of an informed person or proposed director, has any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries. For the purposes of this Circular,

an "informed person" means: (i) a director or officer of the Company; (ii) a director or officer of a person or company that is itself an informed person; or (iii) any person or company who beneficially owns, directly or indirectly, and/or exercises control or direction over voting securities of the Company carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company.

## **MANAGEMENT CONTRACTS**

The management functions of the Company and any subsidiary thereof are not, to any substantial degree, performed by any person other than the directors and executive officers of the Company or any subsidiary thereof.

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

National Instrument 52-110 Audit Committees of the Canadian Securities Administrators ("**NI 52-110**") requires the Company, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the charter for the Audit Committee of our Board, attached to this Circular as Schedule "A".

The Audit Committee's primary function is assisting the Board in fulfilling its oversight responsibilities to shareholders. The Committee is ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting, as well as internal controls to achieve the objectives of safeguarding corporate assets, reliability of financial information, and compliance with policies and laws, as well as serving as an independent and objective party to liaise with the external auditor, independent of Management, and to monitor preparation of financial statements and other financial information.

### **Audit Committee Members**

As at December 31, 2020, Gregory Kallinikos, James Passin and Jeremy L. Gardner were members of the Company's Audit Committee. Gregory Kallinikos, James Passin and Jeremy L. Gardner are considered "independent" applying the guidelines contained in applicable securities legislation and all three of the Audit Committee members have the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by our financial statements.

### **Relevant Education and Experience**

All of the Audit Committee members are business people with experience in financial matters; each has an understanding of accounting principles used to prepare financial statements and varied experience as to general application of such accounting principles, internal controls and procedures necessary for financial reporting, which experience has been garnered from working in their individual fields of endeavour.

Biographies of each of the members and proposed members of the Audit Committee can be found under Election of Directors on page 11 of this Circular.

### **Audit Committee Oversight**

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

### **Reliance on Certain Exemptions**

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

### **Pre-Approval Policies and Procedures**

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors".

## External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditor for the fiscal periods ending December 31, 2020 and 2019 are as follows:

Financial Year Ending	Audit Fees <sup>(1)</sup>	Audit Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees <sup>(4)</sup>
December 31, 2020	\$54,476	\$54,890 <sup>(5)</sup>	Nil	Nil
December 31, 2019	\$28,565	Nil	Nil	Nil

(1) The aggregate fees billed by the Company's auditor for audit fees.

(2) Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".

(3) Fees charged for tax compliance, tax advice and tax planning services.

(4) Fees for services other than disclosed in any other column.

(5) \$54,890 was paid to Grant Thornton LLP in April and May for their valuation of WiSilica, Inc. share swap transaction, in connection to the 2020 audit.

## Exemption

The Company is relying upon the exemption in section 6.1 of NI 52-110 with respect to compliance with the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

## CORPORATE GOVERNANCE DISCLOSURE

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. National Policy 58-201 *Corporate Governance Guidelines* provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") prescribes certain disclosure by the Company of its corporate governance practices. The following information has been prepared and provided as required by NI 58-101.

### Board of Directors

The Board facilitates its exercise of independent supervision over Management through frequent communication with Management.

In accordance with NI 52-110, a director is considered "independent" if he or she has no direct or indirect "material relationship" with the Company, being a relationship that could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment, subject to certain specified circumstances where an individual is considered to have a material relationship.

The Company considers James, Passin, Gregory Kallinikos, Jeremy Gardner and Murray Tevlin to be independent directors of the Company. Mr. Lloyd is not considered independent due to his position as CEO of the Company. As such, the Board is majority independent.

The Company does not at present hold regularly scheduled meetings of independent directors. To facilitate open and candid discussion, independent directors are encouraged to connect informally at their convenience to discuss matters as they arise, and to communicate on an informal and ongoing basis. James Passin, the Chairman of the Board, is an independent director who may facilitate and call independent director meetings as the need arises. There is no formal written position description for the Chairman of the Board. The Board is satisfied that the autonomy of the Board and its ability to function independently of management are protected through measures such as the Audit Committee and the Compensation Committee being composed entirely of independent directors and by substantially all of the Board (4 of 5 directors) being independent.

In order to facilitate its exercise of independent judgment in carrying out its responsibilities, the Board may establish informal committees as needed consisting solely of independent directors to consider matters to be considered by the Board. The Board, or any committee thereof, may also seek advice from outside advisors. The Board also follows a practice whereby any director who has an interest in a matter that the Board is considering will either abstain from voting on the matter or exit the Board meeting.

### **Board Mandate**

The Board has not adopted a Board mandate. The Board acknowledges its responsibility for the stewardship of the Company by participating in strategic planning and by considering and, if deemed appropriate, adopting plans proposed and developed by management, with management having the primary responsibility for developing and implementing a strategic plan. In addition, the Board provides periodic guidance throughout the year in the development of corporate strategies based on the strategic plan and annual business plans and each quarter monitors the performance of management in relation to the strategic and operational objectives set out in the annual budget.

### **Position Descriptions**

The Board has not developed a separate written position description for the chair and the chair of each board committee. Each of the audit committee and compensation committee are comprised entirely of independent directors, which helps ensure that the views of the independent directors are effectively presented on these committees.

The role of the chair of the board and the chair of each committee is to preside over all meetings of the board of directors, lead the board of directors or committee in regularly reviewing and assessing the adequacy of its mandate and its effectiveness in fulfilling its mandate, and in the case of the chairs of each committee, report to the board of directors with respect to the activities of the committee.

The Board and the CEO have not developed a written position description for the CEO. However, the CEO's principal duties and responsibilities are for planning the Company's strategic direction, providing leadership to the Company, acting as a spokesperson, reporting to shareholders, and overseeing executive management of the Company.

### **Directorships**

The directors listed below are presently directors of a reporting issuer (or equivalent) in a jurisdiction of Canada or a foreign jurisdiction.

<b>Director</b>	<b>Directorship in other Reporting Issuer(s)</b>
James Passin	BioVaxys Technology Corp. (CSE: BIOV) BDSec Joint Stock Company (MSE: BDS) Mindset Pharma Inc. (CSE: MSET)

### **Meeting Attendance Report**

The meeting attendance records for each of the Company's directors in 2020, including each committee of which the director is a member, is set out below.

<b>Director</b>	<b>Board Meetings</b>	<b>Committee</b>	
		<b>Audit</b>	<b>Compensation</b>
Wayne Lloyd	3 / 3	n/a	n/a
James Passin	3 / 3	0 / 0	0 / 0
Gregory Kallinikos	3 / 3	0 / 0	0 / 0
Jeremy L. Gardner	3 / 3	0 / 0	0 / 0
Murray Tevlin <sup>(1)</sup>	0 / 0	n/a	n/a

**Notes:**

(1) Murray Tevlin was appointed to the Board in November 2020.

### **Orientation and Continuing Education**

Each new director brings a different background and skill set and with this information the Board determines what orientation as to the nature and operations of the Company's business will be necessary and relevant to each new director. New directors receive historical and forward-looking information about us, our Board and committees, our senior management and our industry and strategic objectives.

The Board does not have a formal continuing education program, however, the Company provides continuing education for its directors as such need an opportunities arise and encourages open discussion at all meetings which facilitates participation and open learning by the directors.

## **Ethical Business Conduct**

The Board does not have a written code of ethics for directors, officers and employee. The Board expects Management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance objectives and goals, and Management is encouraged to discuss with the Board any perceived or potential issues in ethical business conduct.

In addition, the Board must comply with conflict of interest provisions of applicable corporate, securities and common law, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

## **Nomination of Directors**

The Board does not have a nominating and corporate governance committee. Individual directors identify new nominees to the Board based on perceived or potential requirements for particular knowledge or skills. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the President and Chief Executive Officer of the Company.

## **Compensation**

As of December 31, 2020, the Compensation Committee was comprised of James Passin (chair), Gregory Kallinikos and Jeremy L. Gardner.

The Board reviews, as needed, compensation to directors and to officers with respect to industry comparables and with regards to the particular circumstances of the Company and its financial position.

## **Other Board Committees**

The Company has no standing committees other than the Audit Committee and the Compensation Committee.

## **Assessments**

The Board collectively conducts and reviews informal annual assessments of the effectiveness of the Board, its individual committees and its individual directors. The Board does not have a formal process to monitor the effectiveness of the Board, its committees and individual members, but rather relies on an informal review process. In order to gauge performance, the Board considers the following:

- (a) input from directors, where appropriate;
- (b) attendance of directors at meetings of the Board and any committee;
- (c) the charter of each committee; and
- (d) the competencies and skills each individual director is expected to bring to the Board and each committee.

## **Board Renewal**

The Company does not have a mandatory retirement age or limit on the number of terms that a director may serve. The Board recognizes the value of board renewal and the perspectives that new directors can bring and considers these factors when nominating candidates for directorship and conducting assessments of the Board's performance. The Board balances these interests against the value of having members with company and industry-specific knowledge that can be gained through continuous service.

## **Diversity**

The Company values the benefits that having a diverse board and management team can provide to the decision-making process and value provided to shareholders. The Board takes diversity into account as part of its selection process for director nominees and filling Board vacancies. Similarly, diversity is one of several important factors considered when hiring and promoting candidates for executive officer and senior management positions.



The Company has not adopted a written policy relating to the identification and nomination of women, Aboriginal peoples, persons with disabilities and members of visible minorities (collectively, "**Diversity Groups**") as directors or established specific targets for the representation from each of the Diversity Groups on the Board or in executive officer positions. The Company believes that diversity is an important factor when identifying candidates for director or executive officer positions and, to that end, encourage people from Diversity Groups to apply for open positions. The Company, however, evaluates diversity as one of a variety of factors when considering a candidate, including their skills, expertise, experience and personal characteristics, with the ultimate priority being to ensure candidates bring value to the Company and Shareholders.

The Board currently has no female directors, representing 0% of our total directors nominated for election. Additionally, currently the Chief Financial Officer of the Company is a woman.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The audited financial statements of the Company for the year ended December 31, 2020, together with the Auditor's Report thereon, (the "Financial Statements") will be presented to Shareholders at the Meeting. The Company's Financial Statements, together with the Auditor's Report thereon and the management discussion and analysis have been mailed to Shareholders who completed and returned the request form included with last year's meeting materials and are otherwise available with the Company's disclosure material on SEDAR at [www.sedar.com](http://www.sedar.com).

### ELECTION OF DIRECTORS

The directors of the Company are elected annually and hold office until the next annual general meeting of Shareholders or until their successors are duly elected or appointed, unless an office is earlier vacated by death or by resignation or removal in accordance with the BVI Business Companies Act and the Memorandum and Articles of Association of the Company.

Management recommends, and the Designated Persons, if named as proxy, intend to vote in favour of, a resolution **fixing the number of directors for the ensuing year at five**. Unless a proxy contains express instructions to vote otherwise, it is intended that all proxies received will be voted in favour of such resolution.

The following table sets out required information, as at the Record Date, regarding Management's nominees for election as a director. Management does not contemplate that any of its nominees will be unable to serve as a director.

No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the Company acting solely in such capacity and except as generally disclosed in this Circular or otherwise under the heading for the matter to be acted upon. The Company has not received notice of, and Management is not aware of, any proposed nominee for director other than Management's nominees.

Name, Province/State and Country of ordinary residence <sup>(1)</sup> , and positions held with the Company	Principal occupation and, IF NOT elected to present term of office, principal occupation for the past five years <sup>(1)</sup>	Date first elected	Common shares beneficially owned or controlled or directed <sup>(2)</sup>
<b>JAMES PASSIN</b> <sup>(3)(4)</sup> New York, USA Director	CEO, BioVaxys Technology Corp., a Clinical-Stage Immunotherapeutics Company.  Principal of FGS Advisors LLC; Director of FGMF, FGMF2, Firebird Mongolia, and Firebird New Mongolia	November 14, 2011	7,330,268 <sup>(5)</sup>
<b>JEREMY L. GARDNER</b> <sup>(3)(4)</sup> California, USA Director	Co-founder and managing partner of Ausum Ventures, a venture firm investing in blockchain technology. Co-founder of Augur, a decentralized prediction market platform, and led the Augur ICO. In 2014, founded Blockchain Education Network (BEN), a global educational nonprofit. In 2016, founded SAAVHA, a corporate cybersecurity company.	April 9, 2018	611,229 <sup>(6)</sup>
<b>WAYNE LLOYD</b> British Columbia, Canada President, CEO & Director	Founder of financial analytics firm Market Memory, providing data analytics to large commodity traders; Active investor, advisor, and board member to several fintech and cryptocurrency startups; CFA Charterholder.	April 9, 2018	1,080,000 <sup>(7)</sup>

Name, Province/State and Country of ordinary residence <sup>(1)</sup> , and positions held with the Company	Principal occupation and, IF NOT elected to present term of office, principal occupation for the past five years <sup>(1)</sup>	Date first elected	Common shares beneficially owned or controlled or directed <sup>(2)</sup>
<b>GREGORY KALLINIKOS</b> <sup>(3)(4)</sup> Singapore Director	CEO, Asia for StoneX Group Inc., a global financial services network providing complete institutional-grade market access, since Feb 2018. Senior financial services executive with investment banking background	April 9, 2018	36,820
<b>MURRAY TEVLIN</b> British Columbia, Canada Director	Retired senior legal counsel and law partner, former Lead Director of Avigilon Corporation, active investor and advisor	November 29, 2020	137,500

- (1) The information as to country of residence and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (2) The information as to common shares beneficially owned directly or indirectly or over which a director exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (3) A member of the Audit Committee, which is comprised of Gregory Kallinikos (Chair), James Passin and Jeremy L. Gardner.
- (4) A member of the Compensation Committee, which is comprised of James Passin (Chair), Gregory Kallinikos and Jeremy L. Gardner.
- (5) Mr. Passin has direct control of 7,271,504 common shares and indirect control and direction of (i) 12,625 common shares held by Passin Management Limited Partnership, and (ii) 46,139 common shares held by FG2 Advisors LLC. Mr. Passin also holds 1,050,000 performance share unit awards. Each performance share unit award represents one common share on vesting upon satisfaction of certain performance milestones over a three-year period.
- (6) Mr. Gardner has direct control of 280,682 common shares and indirect control and direction of 330,547 common shares held by Ausum Blockchain Fund, LP,
- (7) Mr. Lloyd has direct control of 80,000 common shares and 1,000,000 common shares held by a privately held company controlled by Mr. Lloyd. Mr. Lloyd also holds 1,500,000 performance share unit awards. Each performance share unit award represents one common share on vesting upon satisfaction of certain performance milestones over a three-year period.

### **Biography for Directors**

**James Passin** is a former hedge fund and private equity fund manager at FGS Advisors, LLC, an affiliate of New York-based Firebird Management LLC. Mr. Passin is a director of several public companies, including BDBSec JSC and BioVaxys Technology Corp. of which he is also a co-founder and CEO. He is a Chartered Market Technician and member of the CMT Association. Mr. Passin attended St. John's College (Annapolis, Maryland) and has a B.A. in Philosophy and Classical Literature. He is a Graduate of the Listed Company Director Program from the Singapore Institute of Directors. Mr. Passin is a recipient of the Friendship Medal, one of the highest honors awarded by the Mongolian state to foreign citizens.

**Jeremy L. Gardner** is currently the managing partner at Ausum Ventures, the only hybrid venture and hedge fund comprised of early-stage start-ups and crypto-assets for social good. Jeremy founded Blockchain Education Network (BEN) in 2014 while attending the University of Michigan, which has become a renowned global educational non-profit organization. He left his studies at the University of Michigan to co-found Augur, the decentralized prediction market platform and lead their ICO - the first ever on Ethereum and first "utility token". In 2016, he founded SAAVHA, a corporate cybersecurity company, while working as an entrepreneur-in-residence at Blockchain Capital, where he sourced over a half dozen investments and helped structure the firm's landmark security token ICO (ticker: BCAP). Jeremy has served as the founding editor-in-chief of Distributed magazine. He advises some of the top start-ups in the industry and is often cited in the press surrounding blockchain technology.

**Wayne Lloyd** is an entrepreneur and technology executive with extensive capital markets experience. Wayne is the Chief Executive Officer of Tracesafe Inc. and founder of Consensus Core, and has experience in scaling startups, special situation investing and completing complex M&A transactions in the technology sector. Wayne has helped raise millions in capital to grow businesses and has a proven track record of attracting world class talent to startup ventures. Wayne earned a CFA Charterholder designation in 2015.

**Gregory Kallinikos** is a senior management executive with broad international financial services experience. His areas of expertise include mergers and acquisitions, corporate and business development, strategic planning, and business digitization. He is Chief Executive Officer, Asia for StoneX Group Inc., a Fortune 500, NASDAQ listed diversified financial services firm. He is based in Singapore and is responsible for running the Asia Pacific region for StoneX, which includes offices in Singapore, Hong Kong, Shanghai, Tokyo and Sydney.

**Murray Tevlin** is an entrepreneurial lawyer who previously served as lead director of Avigilon Corporation, chairing the special committee advancing to a successful USD\$1B merger and acquisition of Avigilon by a US based global communications equipment provider. Mr. Tevlin has experience guiding entrepreneurial technology startups and joined the Avigilon board prior to its successful IPO on the TSX. Mr. Tevlin specialized in contract and employment law, and was a partner in a major national firm and later founded his own successful firm, during a 35 year law career.

### ***Corporate Cease Trade Orders, Bankruptcies and Penalties and Sanctions***

For purposes of the disclosure in this section, an "order" means a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days; and for purposes of item (a)(i) below, specifically includes a management cease trade order which applies to the directors or executive officers of the relevant company that was in effect for a period of more than 30 consecutive days.

Except as disclosed below, none of the proposed Management nominees for election as a director of the Company:

- (a) is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:
  - (i) was subject to an order 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 director, chief executive officer or chief financial officer;
- (b) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any 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;
- (c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority since December 31, 2000, or before December 31, 2000 if the disclosure of which would likely be important to a reasonable security holder in deciding whether to vote for a proposed director; or
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Mr. Passin was a director of the Company when, on May 5, 2017, the Ontario Securities Commission (the "OSC") issued a cease trade order (the "CTO") under the securities legislation of Ontario that all trading in the securities of the Company cease until the Company filed its (i) audited annual financial statements for the year ended December 31, 2016, (ii) management's discussion and analysis for the year ended December 31, 2016 and (iii) certification of the annual filings for the year ended December 31, 2016, as required by applicable securities legislation.

On August 2, 2017, the Company filed its audited annual financial statements and management's discussion and analysis, along with the CEO and CFO certifications of the annual filings for the year ended December 31, 2016, and paid the applicable filing fees, as required by applicable securities legislation. On August 10, 2017, the Company filed its interim financial report and management's discussion and analysis, along with the CEO and CFO certifications of the interim filings for the period ended March 31, 2017, as required by applicable securities legislation.

On February 2, 2018, the Company obtained an order from the Ontario Securities Commission revoking the CTO. As a condition of revoking the CTO, the Ontario Securities Commission requested that the Company undertake not to complete a restructuring transaction, significant acquisition or reverse takeover of a business not located in Canada unless the Company first receives a receipt for a final prospectus in respect of such business. The Company has given such undertaking.

Mr. Passin was Chairman and Director of Vanoil Energy Ltd., a Canadian public company, from December 10, 2009 to September 20, 2017, which is subject to a cease trade order issued by the BCSC on February 3, 2017 for failure to file audited annual financial statements for the year ended September 30, 2016. Vanoil Energy Ltd. ceased to be a reporting issuer on February 3, 2017.

### **Recommendation**

Management recommends, and the Designated Persons, if named as proxy, intend to vote in favour of, the election of Management's nominees for election as a director. Unless a proxy contains express instructions to vote otherwise, it is intended that all proxies received will be voted in favour of such election.

### **APPOINTMENT OF AUDITOR**

At the Meeting, shareholders will be asked to reappoint Dale Matheson Carr-Hilton Labonte LLP ("**DMCL LLP**"), Chartered Professional Accountants, of Vancouver, British Columbia as auditor of the Company for the next ensuing year at remuneration to be fixed by the Board. DMCL LLP, Chartered Professional Accountants, was first appointed as the auditor of the Company by the Board on July 27, 2017.

**The Board recommends that shareholders vote in favour of the appointment of DMCL LLP, Chartered Professional Accountants, as the Company's auditors at remuneration to be fixed by the Board.**

### **APPROVAL AND RATIFICATION OF [20% ROLLING LONG-TERM INCENTIVE PLAN]**

At the Meeting, the Shareholders will be asked to consider, and if thought advisable, to approve by way of ordinary resolution, the LTIP, a copy of which is attached hereto as Schedule "B".

The Board has, by resolution, adopted the LTIP to replace the Legacy Plan and proposes to implement it upon receipt of approval of the LTIP by shareholders. The number of Shares proposed to be granted under the LTIP is a maximum of **[20% of the issued and outstanding Shares at the time of grant]**. Upon the LTIP receiving shareholder approval, the LTIP will be implemented and all of the options presently governed by the Legacy Plan will thereafter be governed by the LTIP and the Legacy Plan will terminate.

The LTIP provides for the issuance of Restricted Share Units, Performance Share Units, Deferred Share Units, Stock Options and Stock Appreciation Rights (an "Award") to Directors, key employees and consultants of the Company.

The purpose of the LTIP is to align the interests of those directors, employees and consultants designated by the Board as being eligible to participate in the LTIP with those of the Company and its shareholders and to assist in attracting, retaining and motivating key employees by making a portion of the incentive compensation of participating employees directly dependent upon the achievement of key strategic, financial and operational objectives that are critical to ongoing growth and increasing the long-term value of the Company.

The LTIP is designed to promote the long-term success of the Company and the creation of shareholder value by: (a) encouraging the attraction and retention of directors, key employees and consultants of the Company and its subsidiaries; (b) encouraging such directors, key employees and consultants to focus on critical long-term objectives; and (c) promoting greater alignment of the interests of such directors, key employees and consultants with the interests of the Company.

### **Description of the LTIP**

The LTIP permits the issuance of up to 20% of the issued and outstanding Shares at the time of grant in respect of Awards granted under the LTIP. The LTIP is available to directors, key employees and consultants of the Company, as determined by the Board.

Except as otherwise provided in an applicable award agreement or as determined by the Board, neither awards nor any rights under any such awards shall be assignable or transferable other than pursuant to a will or by the laws of descent and distribution.

A summary of the types of Awards issuable under the LTIP is attached hereto as Schedule "C".

At the Meeting, Shareholders will be asked to pass an ordinary resolution in the following form:

"BE IT HEREBY RESOLVED, as an ordinary resolution, that:

1. The Long-Term Performance Incentive Plan (the "LTIP"), in the form attached as Schedule "B" to the management information circular of the Company dated as of July 13, 2021, including the reserving for issuance under the LTIP of 8,961,378 common shares of the Company, be, and is hereby, affirmed, ratified and approved;
2. The Board of Directors be, and is hereby, authorized on behalf of the Company to make any further amendments or modifications to the LTIP as may be required or requested by regulatory authorities, without further approval of the shareholders of the Company; and
3. Any one officer or director of the Company be, and is hereby, authorized and directed to take all such further actions, execute and deliver such further instruments or documents in writing and do all such other acts and things as in such person's opinion may be necessary or desirable in the name and on behalf of the Company, under its corporate seal or otherwise, to give effect to, and carry out the intent of, the foregoing resolutions, which opinion shall be conclusively evidenced by the taking of such further actions, the execution and delivery of such instruments and documents and the doing of such other acts and things, and to the extent that any such actions were taken, or instruments and documents delivered prior to the date hereof, the taking of such actions and execution and delivery of such documents be, and are hereby, approved."

**Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote for the approval and ratification of the LTIP.**

#### **OTHER MATTERS**

Management of the Company knows of no other matters to come before the Meeting other than as referred to in the Notice of Meeting. However, if any other matter(s) which are not known to management of the Company shall properly come before the Meeting, the proxy given pursuant to the solicitation by management of the Company will be voted on such matter(s) in accordance with the best judgment of the person(s) voting the proxy.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.tracesafe.io](http://www.tracesafe.io). Financial information is provided in the company's comparative annual financial statements and management's discussion and analysis for its most recently completed financial year. Copies of the Company's financial statements and management's discussion and analysis may be obtained, without charge, upon sending a written request to the Company at Sea Meadow House, Blackburne Hwy, P.O. Box 116, Road Town, Tortola , VG 1110 British Virgin Islands, Attention: Emily Graham, or by email request to [emily@tracesafe.io](mailto:emily@tracesafe.io).

#### **APPROVAL OF CIRCULAR**

The contents of this Circular and its distribution to Shareholders has been approved by the Board.

Dated: July 13, 2021

#### **BY ORDER OF THE BOARD**

(signed) "James Passin"  
Chairman of the Board

## **SCHEDULE "A"**

### **TRACESAFE INC.**

#### **CHARTER OF THE AUDIT COMMITTEE**

##### **Purpose of the Committee**

The purpose of the Audit Committee (the "Audit Committee") of the Board is to provide an open avenue of communication between management, the Company's independent auditors and the Board and to assist the Board in its oversight of:

- (a) the integrity, adequacy and timeliness of the Company's financial reporting and disclosure practices;
- (b) the Company's compliance with legal and regulatory requirements related to financial reporting; and
- (c) the independence and performance of the Company's independent auditors.

The Audit Committee shall also perform any other activities consistent with this Charter, the Company's Articles and governing laws as the Audit Committee or the Board deems necessary or appropriate.

1. Members. The Board of Directors will appoint an Audit Committee of at least three (3) members, all of whom should be "independent" directors of the Board. "Independent" means a director who meets the definition of "independence" under National Instrument 52-110 or any successor policy promulgated by securities regulatory authorities.

All members of the Audit Committee should be "financially literate". An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. Each appointed member of the Audit Committee shall be subject to annual reconfirmation and may be removed by the Board of Directors at any time.

2. Purposes, Duties, and Responsibilities. The Audit Committee represents the Board of Directors in discharging its responsibility relating to the accounting, reporting and financial practices of the Company and its subsidiaries, and has general responsibility for oversight of internal controls, accounting and audit activities and legal compliance of the Company and its subsidiaries; however, the Audit Committee's function shall not relieve the Company's management of its responsibilities for preparing financial statements which accurately and fairly present the Company's financial results and conditions or the responsibilities of the independent accountants relating to the audit or review of financial statements. Specifically, the Audit Committee will:

- (a) Recommend to the Board the appointment (including terms of appointment such as compensation and scope of duties) and discharge the external auditor of the Company (the "auditor") who perform the annual audit or other audit, review or attest services in accordance with applicable securities laws, which auditor shall be ultimately accountable to the Board of Directors through the Audit Committee. The auditor of the Company must report directly to the Audit Committee;
- (b) Have the authority to communicate directly with the auditor of the Company;
- (c) Review with the auditor the scope of the audit and the results of the annual audit examination by the auditor and any reports of the auditor with respect to reviews of interim financial statements or other audit, review or attest services. The Audit Committee will be responsible for resolving any disagreements between management and the auditor regarding financial reporting;
- (d) Review information, including written statements, if any, from the auditor concerning any relationships between the auditor and the Company or any other relationships that may adversely affect the independence of the auditor and assess the independence of the auditor;
- (e) Review and discuss with management and the auditor the Company's annual audited financial statements prior to their public disclosure, including a discussion with the auditors of their judgments as to the quality of the Company's accounting principles;
- (f) Review the Company's financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information;

- (g) Review the services to be provided by the auditor to assure that the auditor does not undertake any engagement for services for the Company that would constitute prohibited services under applicable securities laws under the rules of any stock exchange or trading market on which the Company's shares are listed for trading, or could be viewed as compromising the auditor's independence. The Audit Committee must pre-approve all non-audit services to be provided to the Company or its subsidiaries by the auditor;
- (h) Review with management and the auditor the results of any significant matters identified as a result of the auditor's interim review procedures prior to the filing of each quarterly financial statements or as soon thereafter as possible;
- (i) Review the annual program for the Company's internal audits, if any, and review audit reports submitted by the internal auditing staff, if any;
- (j) Periodically review the adequacy of the Company's internal controls;
- (k) Review changes in the accounting policies of the Company and accounting and financial reporting proposals that are provided by the auditor that may have a significant impact on the Company's financial reports, and make comments on the foregoing to the Board of Directors;
- (l) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer;
- (m) Periodically review the adequacy of this Audit Committee Charter;
- (n) Make reports and recommendations to the Board of Directors within the scope of its functions;
- (o) Approve material contracts where the Board of Directors determines that it has a conflict;
- (p) Establish procedures for receipt, retention and treatment of complaints received by the Company regarding auditing, internal accounting controls or accounting matters and establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (q) Where considered necessary by the Audit Committee to carry out its duties, have the authority to engage independent counsel and/or other advisors at the Company's expense upon the terms and conditions, including compensation, determined by the Audit Committee;
- (r) Satisfy itself that management has put into place procedures that facilitate compliance with the disclosure and financial reporting controls provisions of applicable securities laws, including adequate procedures for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements. The Audit Committee will assess the adequacy of these procedures annually;
- (s) Review all loans to officers;
- (t) Review and monitor all related party transactions which may be entered into by the Company as required by rules of the stock exchange or trading market upon which the Company's shares are listed for trading; and
- (u) Ensure all public disclosure regarding the audit committee is made in compliance with applicable stock exchange rules and securities legislation.

3. Meetings. The Audit Committee will, when expedient, meet to review the Company's quarterly and annual financial statements and MD&A, and will hold special meetings as it deems necessary or appropriate in its judgment. The Audit Committee will endeavour to meet at any time that the auditor believes that communication to the Audit Committee is required. As it deems appropriate, but not less than once each year, the Audit Committee will meet in private session with the independent accountants. The majority of the members of the Audit Committee constitute a quorum and shall be empowered to act on behalf of the Audit Committee. The members of the Audit Committee will designate one member as chair. Meetings may be held in person or by telephone, and shall be at such times and places as the Audit Committee determines.

## SCHEDULE "B"

### TRACESAFE INC. LONG-TERM PERFORMANCE INCENTIVE PLAN

Dated July [●], 2021

#### SECTION 1. ESTABLISHMENT AND PURPOSE OF THIS PLAN

The Company wishes to establish this long-term performance incentive plan ("**Plan**"). The purpose of this Plan is to promote the long-term success of the Company and the creation of shareholder value by: (a) encouraging the attraction and retention of Directors, Key Employees and Consultants of the Company and its Subsidiaries; (b) encouraging such Directors, Key Employees and Consultants to focus on critical long-term objectives; and (c) promoting greater alignment of the interests of such Directors, Key Employees and Consultants with the interests of the Company.

To this end, this Plan provides for the grant of Restricted Share Units, Performance Share Units, Deferred Share Units, Options and Stock Appreciation Rights to Directors, Key Employees and Consultants of the Company as further described in this Plan.

This Plan is a "rolling" plan, permitting the Company to reserve up to a maximum of 20% of the issued and outstanding Shares at the time of grant pursuant to awards granted hereunder.

#### SECTION 2. DEFINITIONS

As used in this Plan, the following terms shall have the meanings set forth below:

- (a) "**Associate**" has the meaning ascribed thereto in the Securities Act;
- (b) "**Award**" means any award of Restricted Share Units, Performance Share Units, Deferred Share Units, Options or SARs granted under this Plan;
- (c) "**Award Agreement**" means any written agreement, contract, or other instrument or document, including an electronic communication, as may from time to time be designated by the Company as evidencing any Award granted under this Plan;
- (d) "**Board**" means the board of directors of the Company;
- (e) "**Change of Control**" means the acquisition by any person or by any person and a joint actor, whether directly or indirectly, of voting securities (as such terms are interpreted in the Securities Act) of the Company, which, when added to all other voting securities of the Company at the time held by such person or by such person and a person "acting jointly or in concert" with another person, as that phrase is interpreted in National Instrument 62-103, totals for the first time not less than fifty (50%) percent of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board;
- (f) "**Committee**" means such committee of the Board performing functions in respect of compensation as may be determined by the Board from time to time;
- (g) "**Company**" means TraceSafe Inc., a company existing under the laws of the British Virgin Islands, and any of its successors or assigns;
- (h) "**Consultant**" means a Person (other than a Key Employee or Director) that:
  - (i) is engaged to provide, on an ongoing *bona fide* basis, consulting, technical, management or other services to the Company or an affiliate of the Company, other than services provided in relation to a distribution (as defined in the Securities Act);



- (ii) provides the services under a written contract between the Company or an affiliate of the Company and the Person, as the case may be;
- (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time on the affairs and business of the Company or an affiliate of the Company; and
- (iv) has a relationship with the Company or an affiliate of the Company that enables the Person to be knowledgeable about the business and affairs of the Company,

and includes:

- (v) for a Person that is an individual, a corporation of which such individual is an employee or shareholder, and a partnership of which the individual is an employee or partner; and
  - (vi) for a Person that is not an individual, an employee, executive officer or director of the consultant, provided that the individual employee, executive officer or director spends or will spend a significant amount of time on the affairs and business of the Company or an affiliate of the Company;
- (i) "**Current Market Price**" means the closing price of the Shares on the last Trading Day on which trading in the Shares took place immediately prior to the relevant exercise date;
  - (j) "**Deferred Share Unit**" means a right to receive on a deferred basis a payment in either Shares or cash as provided in Section 5(c) hereof and subject to the terms and conditions of this Plan and the applicable Award Agreement;
  - (k) "**Determination Date**" means a date determined by the Board in its sole discretion but not later than 90 days after the expiry of a Performance Cycle;
  - (l) "**Director**" means a member of the Board;
  - (m) "**Disability**" means any medical condition which qualifies a Participant for benefits under a long-term disability plan of the Company or Subsidiary;
  - (n) "**Effective Date**" has the meaning ascribed thereto in Section 8;
  - (o) "**Election Form**" means the form to be completed by a Director specifying the amount of Fees he or she wishes to receive in Deferred Share Units under this Plan;
  - (p) "**Eligible Person**" means Directors, Key Employees and Consultants;
  - (q) "**Exchange**" means the Canadian Securities Exchange, or such other exchange upon which the Shares of the Company may become listed for trading;
  - (r) "**Fees**" means the annual board retainer, chair fees, meeting attendance fees or any other fees payable to a Director by the Company;
  - (s) "**Grant Date**" means, for any Award, the date specified by the Board as the grant date at the time it grants the Award or, if no such date is specified, the date upon which the Award was actually granted;
  - (t) "**Insider**" means any insider, as that term is defined in the Securities Act;
  - (u) "**Insider Participant**" means a Participant who is an (i) Insider of the Company or of a Subsidiary, and (ii) Associate of any person who is an Insider by virtue of (i);

- (v) **"Key Employees"** means employees, including officers, whether Directors or not, and including both full-time and part-time employees of the Company or any Subsidiary who, by the nature of their positions or jobs are, in the opinion of the Board, in a position to contribute to the success of the Company;
- (w) **"Legacy Plan"** means the Company's stock option plan dated April 9, 2018, as may be amended or restated;
- (x) **"Market Unit Price"** means the value of a Share determined by reference to the five-day volume weighted average closing price of a Share on the immediately preceding five (5) Trading Days on which trading in the Shares took place;
- (y) **"Option"** means incentive share purchase options entitling the holder thereof to purchase Shares;
- (z) **"Participant"** means any Eligible Person to whom Awards under this Plan are granted;
- (aa) **"Participant's Account"** means a notional account maintained for each Participant's participation in this Plan which will show any Restricted Share Units, Performance Share Units, Deferred Share Units, Options or SARs credited to a Participant from time to time;
- (bb) **"Performance-Based Award"** means, collectively, Performance Share Units and Restricted Share Units;
- (cc) **"Performance Criteria"** means criteria established by the Board which, without limitation, may include criteria based on the Participant's personal performance and/or financial performance of the Company and its Subsidiaries, and that are to be used to determine the vesting of the Performance Share Units;
- (dd) **"Performance Cycle"** means the applicable performance cycle of the Performance Share Units as may be specified by the Board in the applicable Award Agreement;
- (ee) **"Performance Share Unit"** means a right awarded to a Participant to receive a payment in Shares as provided in Section 5(b) hereof and subject to the terms and conditions of this Plan and the applicable Award Agreement;
- (ff) **"Person"** means any individual, corporation, partnership, association, joint-stock company, trust, unincorporated organization, or governmental authority or body;
- (gg) **"Restriction Period"** means the time period between the Grant Date and the Vesting Date of an Award of Restricted Share Units specified by the Board in the applicable Award Agreement, which period shall be no less than 12 months, provided the Board may, in its discretion, permit earlier vesting, no sooner than quarterly, of the Restricted Share Units;
- (hh) **"Restricted Share Unit"** means a right awarded to a Participant to receive a payment in Shares as provided in Section 5(a) hereof and subject to the terms and conditions of this Plan and the applicable Award Agreement;
- (ii) **"Retirement"** means retirement from active employment with the Company or a Subsidiary with the consent of an officer of the Company or the Subsidiary;
- (jj) **"SA Rights"** has the meaning set out in Section 5(e)(i);
- (kk) **"SAR"** has the meaning set out in Section 5(e)(i);
- (ll) **"SAR Amount"** has the meaning set out in Section 5(e)(iii);
- (mm) **"SAR Grant Price"** has the meaning set out in Section 5(e)(ii);

- (nn) "**Securities Act**" means the *Securities Act*, RSBC 1996, c 418, as amended, from time to time;
- (oo) "**Security-Based Compensation Arrangement**" shall have the meaning ascribed thereto in the rules and policies of the Exchange, or in the event that such term is not defined in the rules and policies of the Exchange, shall mean a stock option, stock option plan, employee stock purchase plan, long-term incentive plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to one or more full-time employees, officers, Insiders, service providers or Consultants of the Company or a Subsidiary, including a share purchase from treasury by a full-time employee, officer, Insider, service provider or Consultant which is financially assisted by the Company or a Subsidiary by way of loan, guarantee or otherwise;
- (pp) "**Shares**" means the common shares of the Company;
- (qq) "**Subsidiary**" means a corporation, company or partnership that is controlled, directly or indirectly, by the Company;
- (rr) "**Termination Date**" means, as applicable: (i) in the event of a Participant's Retirement, voluntary termination or termination of employment as a result of a Disability, the date on which such Participant ceases to be an employee of the Company or a Subsidiary; and (ii) in the event of termination of the Participant's employment by the Company or a Subsidiary, the date on which such Participant is advised by the Company or a Subsidiary, in writing or verbally, that his or her services are no longer required;
- (ss) "**Trading Day**" means any date on which the Exchange is open for trading; and
- (tt) "**Vesting Date**" means in respect of any Award, the date when the Award is fully vested in accordance with the provisions of this Plan and the applicable Award Agreement.

### **SECTION 3. ADMINISTRATION**

- (a) **BOARD TO ADMINISTER PLAN.** Except as otherwise provided herein, this Plan shall be administered by the Board and the Board shall have full authority to administer this Plan, including the authority to interpret and construe any provision of this Plan and to adopt, amend and rescind such rules and regulations for administering this Plan as the Board may deem necessary in order to comply with the requirements of this Plan.
- (b) **DELEGATION TO COMMITTEE.** All of the powers exercisable hereunder by the Board may, to the extent permitted by applicable law and as determined by resolution of the Board, be delegated to and exercised by the Committee or such other committee as the Board may determine.
- (c) **INTERPRETATION.** All actions taken and all interpretations and determinations made or approved by the Board in good faith shall be final and conclusive and shall be binding on the Participants and the Company.
- (d) **NO LIABILITY.** No Director shall be personally liable for any action taken or determination or interpretation made or approved in good faith in connection with this Plan and the Directors shall, in addition to their rights as Directors, be fully protected, indemnified and held harmless by the Company with respect to any such action taken or determination or interpretation made. The appropriate officers of the Company are hereby authorized and empowered to do all things and execute and deliver all instruments, undertakings and applications and writings as they, in their absolute discretion, consider necessary for the implementation of this Plan and of the rules and regulations established for administering this Plan. All costs incurred in connection with this Plan shall be for the account of the Company.

#### SECTION 4. SHARES AVAILABLE FOR AWARDS

- (a) LIMITATIONS ON SHARES AVAILABLE FOR ISSUANCE.
- (i) Subject to adjustment as provided in Section 6 hereof the aggregate number of Shares issuable under this Plan in respect of Awards or any other Share Compensation Arrangement of the Company shall not exceed twenty percent (20%) of the Company's total issued and outstanding share capital from time to time or such other number as may be approved in accordance with the applicable Exchange policies and rules and the shareholders of the Company from time to time. The aggregate number of Shares to be delivered upon the exercise of all Awards granted under the Plan shall not exceed the maximum number of Shares permitted under the rules of any stock exchange on which the Shares are then listed or other regulatory body having jurisdiction. If any Awards granted hereunder shall expire or terminate for any reason without having been exercised in full, the unpurchased Shares subject thereto shall again be available for the purpose of this Plan. ;
  - (ii) So long as it may be required by the rules and policies of the Exchange:
    - A. the total number of Shares issuable to any Participant under this Plan, at any time, together with Shares reserved for issuance to such Participant under all of the Company's other Security-Based Compensation Arrangements, shall not exceed five (5%) percent of the issued and outstanding Shares; and
    - B. the total number of Shares issuable to all Insider Participants within any one-year period and at any time under this Plan, together with Shares reserved for issuance to such Participants under all of the Company's other Security-Based Compensation Arrangements, shall not exceed twenty (20%) percent of the issued and outstanding Shares;
  - (iii) The total number of Shares issuable to non-executive Directors under this Plan (excluding, for this purpose, the Chairman of the Board, if any) shall not exceed three (3%) percent of the issued and outstanding Shares; and
  - (iv) The grant value of Shares issued or reserved for issuance pursuant to Options granted under this Plan to any one non-executive Director (excluding, for this purpose, the Chairman of the Board, if any) plus the number of Shares that are reserved at that time for issue or are issuable to such non-executive Director pursuant to any other Security-Based Compensation Arrangements shall not exceed \$100,000 in any fiscal year, calculated by the Company as of the grant date.
- (b) ACCOUNTING FOR AWARDS. For purposes of this Section 4:
- (i) If an Award is denominated in Shares, the number of Shares covered by such Award, or to which such Award relates, shall be counted on the Grant Date of such Award against the aggregate number of Shares available for granting Awards under this Plan; and
  - (ii) Notwithstanding anything herein to the contrary, any Shares related to Awards which terminate by expiration, forfeiture, cancellation, or otherwise without the issuance of such Shares, or are exchanged with the Board's permission, prior to the issuance of Shares, for Awards not involving Shares, shall be available again for granting Awards under this Plan.
- (c) ANTI-DILUTION. If the number of outstanding Shares is increased or decreased as a result of a stock split, consolidation or recapitalization and not as a result of the issuance of Shares for additional consideration or by way of stock dividend, the Board may make appropriate adjustments to the number and price (or other basis upon which an Award is measured) of

Restricted Share Units, Performance Share Units, Deferred Share Units, Options and/or SARs credited to a Participant. Any determinations by the Board as to the required adjustments shall be made in its sole discretion and all such adjustments shall be conclusive and binding for all purposes under this Plan.

- (d) LEGACY PLAN. From and after the Effective Date, the Legacy Plan shall be cancelled and deemed to be cancelled, and all awards granted thereunder shall be governed and deemed to be governed by the provisions of this Plan as existing Options under this Plan.

## **SECTION 5. AWARDS**

### **(a) RESTRICTED SHARE UNITS**

- (i) ELIGIBILITY AND PARTICIPATION. Subject to the provisions of this Plan and such other terms and conditions as the Board may prescribe, the Board may, from time to time, grant Awards of Restricted Share Units to Directors, Key Employees and Consultants. Restricted Share Units granted to a Participant shall be credited, as of the Grant Date, to the Participant's Account. The number of Restricted Share Units to be credited to each Participant shall be determined by the Board in its sole discretion in accordance with this Plan. Each Restricted Share Unit shall, contingent upon the lapse of any restrictions, represent one (1) Share. The number of Restricted Share Units granted pursuant to an Award and the Restriction Period in respect of such Restricted Share Units shall be specified in the applicable Award Agreement.
- (ii) RESTRICTIONS. Restricted Share Units shall be subject to such restrictions as the Board, in its sole discretion, may establish in the applicable Award Agreement, which restrictions may lapse separately or in combination at such time or times and on such terms, conditions and satisfaction of objectives as the Board may, in its discretion, determine at the time an Award is granted.
- (iii) VESTING. All Restricted Share Units will vest and become payable by the issuance of Shares at the end of the Restriction Period if all applicable restrictions have lapsed, as such restrictions may be specified in the Award Agreement.
- (iv) CHANGE OF CONTROL. In the event of a Change of Control, all restrictions upon any Restricted Share Units shall lapse immediately and all such Restricted Share Units shall become fully vested in the Participant and will accrue to the Participant in accordance with Section 5(a)(x) hereof.
- (v) DEATH. Other than as may be set forth in the applicable Award Agreement, upon the death of a Participant, any Restricted Share Units granted to such Participant which, prior to the Participant's death, have not vested, will be immediately and automatically forfeited and cancelled without further action and without any cost or payment, and the Participant or his or her estate, as the case may be, shall have no right, title or interest therein whatsoever. Any Restricted Share Units granted to such Participant which, prior to the Participant's death, had vested pursuant to the terms of the applicable Award Agreement will accrue to the Participant's estate in accordance with Section 5(a)(x) hereof.
- (vi) TERMINATION OF EMPLOYMENT.
- A. Where, in the case of a Key Employee, a Participant's employment is terminated by the Company or a Subsidiary for cause, all Restricted Share Units granted to the Participant under this Plan will immediately terminate without payment, be forfeited and cancelled and shall be of no further force or effect as of the Termination Date.

- B. Where, in the case of a Key Employee, a Participant's employment terminates by reason of termination by the Company or a Subsidiary without cause, by voluntary termination or due to Retirement by the Participant, all Restricted Share Units granted to the Participant under this Plan that have not vested will, unless the applicable Award Agreement provides otherwise and subject to the provisions below, immediately terminate without payment, be forfeited and cancelled and shall be of no further force or effect as of the Termination Date, provided, however, that any Restricted Share Units granted to such Participant which, prior to the Participant's termination without cause, voluntary termination or Retirement, had vested pursuant to the terms of the applicable Award Agreement will accrue to the Participant in accordance with Section 5(a)(x) hereof.
- C. Upon termination of a Participant's employment with the Company or a Subsidiary, the Participant's eligibility to receive further grants of Awards of Restricted Share Units under this Plan shall cease as of the Termination Date.
- (vii) **DISABILITY.** Where, in the case of a Key Employee, a Participant becomes afflicted by a Disability, all Restricted Share Units granted to the Participant under this Plan will continue to vest in accordance with the terms of such Restricted Share Units, provided, however, that no Restricted Share Units may be redeemed during a leave of absence. Where a Key Employee's employment is terminated due to Disability, all Restricted Share Units granted to the Participant under this Plan that have not vested will, unless the applicable Award Agreement provides otherwise and subject to the provisions below, immediately terminate without payment, be forfeited and cancelled and shall be of no further force or effect as of the Termination Date, provided, however, that any Restricted Share Units granted to such Participant which, prior to the Participant's termination due to Disability, had vested pursuant to terms of the applicable Award Agreement will accrue to the Participant in accordance with Section 5(a)(x) hereof.
- (viii) **CESSATION OF DIRECTORSHIP.** Where, in the case of Directors, a Participant ceases to be a Director for any reason, any Restricted Share Units granted to the Participant under this Plan that have not yet vested will, unless the applicable Award Agreement provides otherwise and subject to the provisions below, immediately terminate without payment, be forfeited and cancelled and shall be of no further force or effect as of the date the Participant ceases to be a Director, provided, however, that any Restricted Share Units granted to such Participant which, prior to the Participant ceasing to be a Director for any reason, had vested pursuant to the terms of the applicable Award Agreement will accrue to the Participant in accordance with Section 5(a)(x) hereof.
- (ix) **TERMINATION OF SERVICE.** Where, in the case of Consultants, a Participant's service to the Company terminates for any reason, subject to the applicable Award Agreement and any other contractual commitments between the Participant and the Company, any Restricted Share Units granted to the Participant under this Plan that have not yet vested will be forfeited and cancelled and shall be of no further force or effect as of the date of termination of service, provided, however, that any Restricted Share Units granted to such Participant which, prior to the termination of the Participant's service to the Company for any reason, had vested pursuant to the terms of the applicable Award Agreement will accrue to the Participant in accordance with Section 5(a)(x) hereof.
- (x) **PAYMENT OF AWARD.** As soon as practicable after each Vesting Date of an Award of Restricted Share Units, the Company shall issue from treasury to the Participant, or if Section 5(a)(v) applies, to the Participant's estate, a number of Shares equal to the number of Restricted Share Units credited to the Participant's Account that become payable on the Vesting Date. As of the Vesting Date, the Restricted Share Units in respect of which such Shares are issued shall be cancelled and no further payments shall be made to the Participant under this Plan in relation to such Restricted Share Units.

(b) PERFORMANCE SHARE UNITS

- (i) **ELIGIBILITY AND PARTICIPATION.** Subject to the provisions of this Plan and such other terms and conditions as the Board may prescribe, the Board may, from time to time, grant Awards of Performance Share Units to Key Employees and Consultants. Performance Share Units granted to a Participant shall be credited, as of the Grant Date, to the Participant's Account. The number of Performance Share Units to be credited to each Participant shall be determined by the Board, in its sole discretion, in accordance with this Plan. Each Performance Share Unit shall, contingent upon the attainment of the Performance Criteria within the Performance Cycle, represent one (1) Share, unless otherwise specified in the applicable Award Agreement. The number of Performance Share Units granted pursuant to an Award, the Performance Criteria which must be satisfied in order for the Performance Share Units to vest and the Performance Cycle in respect of such Performance Share Units shall be specified in the applicable Award Agreement.
- (ii) **PERFORMANCE CRITERIA.** The Board will select, settle and determine the Performance Criteria (including without limitation the attainment thereof), for purposes of the vesting of the Performance Share Units, in its sole discretion. An Award Agreement may provide the Board with the right, during a Performance Cycle or after it has ended, to revise the Performance Criteria and the Award amounts if unforeseen events (including, without limitation, changes in capitalization, an equity restructuring, an acquisition or a divestiture) occur which have a substantial effect on the financial results and which in the sole judgment of the Board make the application of the Performance Criteria unfair unless a revision is made. Notices will be provided by the Company to applicable regulatory authorities or stock exchanges as may be required with respect to the foregoing.
- (iii) **VESTING.** All Performance Share Units will vest and become payable to the extent that the Performance Criteria set forth in the Award Agreement are satisfied for the Performance Cycle, the determination of which satisfaction shall be made by the Board on the Determination Date.
- (iv) **CHANGE OF CONTROL.** In the event of a Change of Control, all Performance Share Units granted to a Participant shall become fully vested in such Participant (without regard to the attainment of any Performance Criteria) and shall become payable to the Participant in accordance with Section 5(b)(ix) hereof.
- (v) **DEATH.** Other than as may be set forth in the applicable Award Agreement and below, upon the death of a Participant, all Performance Share Units granted to the Participant which, prior to the Participant's death, have not vested, will immediately and automatically be forfeited and cancelled without further action and without any cost or payment, and the Participant or his or her estate, as the case may be, shall have no right, title or interest therein whatsoever, provided, however, the Board may determine, in its sole discretion, the number of the Participant's Performance Share Units that will vest based on the extent to which the applicable Performance Criteria set forth in the Award Agreement have been satisfied in that portion of the Performance Cycle that has lapsed. The Performance Share Units that the Board determines to have vested shall become payable in accordance with Section 5(b)(ix) hereof.
- (vi) **TERMINATION OF EMPLOYMENT.**
- A. Where, in the case of Key Employees, a Participant's employment is terminated by the Company or a Subsidiary for cause, all Performance Share Units granted to the Participant under this Plan will immediately terminate without payment, be forfeited and cancelled and shall be of no further force or effect as of the Termination Date.

B. Where, in the case of Key Employees, other than as may be set forth in the applicable Award Agreement and below, a Participant's employment is terminated by the Company or a Subsidiary without cause, by voluntary termination or due to Retirement, all Performance Share Units granted to the Participant which, prior to the Participant's termination without cause, by voluntary termination or due to Retirement, have not vested, will immediately and automatically be forfeited and cancelled without further action and without any cost or payment, and the Participant shall have no right, title or interest therein whatsoever as of the Termination Date, provided, however, the Board may determine, in its sole discretion, the number of the Participant's Performance Share Units that will vest based on the extent to which the applicable Performance Criteria set forth in the Award Agreement have been satisfied in that portion of the Performance Cycle that has lapsed. The Performance Share Units that the Board determines to have vested shall become payable in accordance with Section 5(b)(ix) hereof.

C. In the case of Key Employees, upon termination of a Participant's employment with the Company or a Subsidiary, the Participant's eligibility to receive further grants of Awards of Performance Share Units under this Plan shall cease as of the Termination Date.

(vii) **DISABILITY.** Where a Participant becomes afflicted by a Disability, all Performance Share Units granted to the Participant under this Plan will continue to vest in accordance with the terms of such Performance Share Units, provided, however, that no Performance Share Units may be redeemed during a leave of absence. Where a Participant's employment is terminated due to Disability, all Performance Share Units granted to the Participant under this Plan that have not vested will, unless the applicable Award Agreement provides otherwise and subject to the provisions below, immediately and automatically be forfeited and cancelled without further action and without any cost or payment, and the Participant shall have no right, title or interest therein whatsoever as of the Termination Date, provided, however, that the Board may determine, in its sole discretion, the number of the Participant's Performance Share Units that will vest based on the extent to which the applicable Performance Criteria set forth in the Award Agreement have been satisfied in that portion of the Performance Cycle that has lapsed. The Performance Share Units that the Board determines to have vested shall become payable in accordance with Section 5(b)(ix) hereof.

(viii) **TERMINATION OF SERVICE.** Where, in the case of Consultants, a Participant's service to the Company terminates for any reason, subject to the applicable Award Agreement and any other contractual commitments between the Participant and the Company, all Performance Share Units granted to the Participant under this Plan that have not vested will, unless the applicable Award Agreement provides otherwise and subject to the provisions below, immediately and automatically be forfeited and cancelled without further action and without any cost or payment, and the Participant shall have no right, title or interest therein whatsoever as of the Termination Date, provided, however, that the Board may determine, in its sole discretion, the number of the Participant's Performance Share Units that will vest based on the extent to which the applicable Performance Criteria set forth in the Award Agreement have been satisfied in that portion of the Performance Cycle that has lapsed. The Performance Share Units that the Board determines to have vested shall become payable in accordance with Section 5(b)(ix) hereof.

(ix) **PAYMENT OF AWARD.** Payment to Participants in respect of vested Performance Share Units shall be made after the Determination Date for the applicable Award and in any case within ninety-five (95) days after the last day of the Performance Cycle to which such Award relates. Such payments shall be made entirely in Shares, unless otherwise provided



for in the applicable Award Agreement. The Company shall issue from treasury to the Participant, or if Section 5(b)(v) applies, to the Participant's estate, a number of Shares equal to the number of Performance Share Units that have vested. As of the Vesting Date, the Performance Share Units in respect of which such Shares are issued shall be cancelled and no further payments shall be made to the Participant under this Plan in relation to such Performance Share Units.

(c) DEFERRED SHARE UNITS

- (i) **ELIGIBILITY AND PARTICIPATION.** Subject to the provisions of this Plan and such other terms and conditions as the Board may prescribe, the Board may, from time to time, grant Awards of Deferred Share Units to Directors in lieu of Fees. Directors become Participants effective as of the date he or she is first appointed or elected as a Director and cease to be Participants at the time they cease to be a Director for any reason. Deferred Share Units granted to a Participant in accordance with Section 5(c) hereof shall be credited, as of the Grant Date, to the Participant's Account.
- (ii) **ELECTION.** Each Director may elect to receive any or all of his or her Fees in Deferred Share Units under this Plan. Elections by Participants regarding the amount of their Fees that they wish to receive in Deferred Share Units shall be made no later than 90 days after this Plan is adopted by the Board, and thereafter no later than July 31 of any given year with respect to Fees for the following year. Any Director who becomes a Participant during a fiscal year and wishes to receive an amount of his or her Fees for the remainder of that year in Deferred Share Units must make his or her election within 60 days of becoming a Director.
- (iii) **CALCULATION.** The number of Deferred Share Units to be credited to the Participant's Account shall be calculated by dividing the amount of Fees selected by a Director in the applicable Election Form by the Market Unit Price on the Grant Date (or such other price as required under Exchange policies) which shall be the 10th business day following each financial quarter end. If, as a result of the foregoing calculation, a Participant shall become entitled to a fractional Deferred Share Unit, the Participant shall only be credited with a full number of Deferred Share Units (rounded down) and no payment or other adjustment will be made with respect to the fractional Deferred Share Unit.
- (iv) **PAYMENT OF AWARD.** Each Participant shall be entitled to receive, after the effective date that the Participant ceases to be a Director for any reason or any earlier vesting period(s) as may be set forth in the applicable Award Agreement, on a day designated by the Participant and communicated to the Company by the Participant in writing at least 15 days prior to the designated day (or such earlier date as the Participant and the Company may agree, which date shall be no later than the end of the calendar year following the year in which the Participant ceases to be a Director or any earlier period on which the DSUs vested, as the case may be) and if no such notice is given, then on the first anniversary of the effective date that the Participant ceases to be a Director or any earlier period on which the DSUs vested, as the case may be, at the sole discretion of the Board, either:
  - A. that number of Shares equal to the number of Deferred Share Units credited to the Participant's Account, such Shares to be issued from treasury of the Company; or
  - B. a cash payment in an amount equal to the Market Unit Price on the next Trading Day after the Participant ceases to be a Director of the Deferred Share Units credited to a Participant's Account, net of applicable withholdings.
- (v) **EXCEPTION.** In the event that the value of a Deferred Share Unit would be determined with reference to a period commencing at a fiscal quarter-end of the Company and ending

prior to the public disclosure of interim financial statements for the quarter (or annual financial statements in the case of the fourth quarter), the cash payment of the value of the Units will be made to the Participant with reference to the five (5) Trading Days immediately following the public disclosure of the interim financial statements for that quarter (or annual financial statements in the case of the fourth quarter).

- (vi) DEATH. Upon death of a Participant, the Participant's estate shall be entitled to receive, within 120 days after the Participant's death and at the sole discretion of the Board, a cash payment or Shares that would have otherwise been payable in accordance with Section 5(c)(iv) hereof to the Participant upon such Participant ceasing to be Director.

(d) OPTIONS

- (i) ELIGIBILITY AND PARTICIPATION. Subject to the provisions of this Plan and such other terms and conditions as the Board may determine, the Board may, from time to time, in its discretion, grant Awards of Options to Directors, Key Employees and Consultants, provided that such Directors, Key Employees and Consultants are determined by the Board to be *bona fide* Directors, Key Employees or Consultants, as the case may be, at the time of such grant. Options granted to a Participant shall be credited, as of the Grant Date, to the Participant's Account. The number of Options to be credited to each Participant shall be determined by the Board in its sole discretion in accordance with this Plan.
- (ii) EXERCISE PRICE. The exercise price of the Options shall be determined by the Board at the time the Option is granted. In no event shall such exercise price be lower than the lowest exercise price permitted by the Exchange. The Board shall not reprice any Options previously granted under this Plan, except in accordance with the rules and policies of the Exchange.
- (iii) TIME AND CONDITIONS OF EXERCISE. The Board shall determine the time or times at which an Option may be exercised in whole or in part, provided that the term of any Option granted under this Plan shall not exceed ten years. The Board shall also determine the performance or other conditions, if any, that must be satisfied before all or part of an Option may be exercised.
- (iv) EVIDENCE OF GRANT. All Options shall be evidenced by a written Award Agreement. The Award Agreement shall reflect the Board's determinations regarding the exercise price, time and conditions of exercise (including vesting provisions) and such additional provisions as may be specified by the Board.
- (v) EXERCISE. The exercise of any Option will be contingent upon receipt by the Company of a written notice of exercise in the manner and in the form set forth in the applicable Award Agreement, which written notice shall specify the number of Shares with respect to which the Option is being exercised, and which shall be accompanied by a cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the Option is exercised. Certificates for such Shares shall be issued and delivered to the optionee within a reasonable time following the receipt of such notice and payment. Neither the optionee nor his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any Shares unless and until the certificates for the Shares issuable pursuant to Options under this Plan are issued to such optionee under the terms of this Plan.
- (vi) CHANGE OF CONTROL. In the event of a Change of Control, each outstanding Option issued to Directors and Key Employees, to the extent that it shall not otherwise have become vested and exercisable, and subject to the applicable Award Agreement, shall automatically become fully and immediately vested and exercisable, without regard to any otherwise applicable vesting requirement, but subject to the policies of the Exchange.

- (vii) DEATH. Where, in the case of Directors and Key Employees, a Participant shall die while an optionee, any Option held by such Participant at the date of death shall be exercisable in whole or in part only by the person or persons to whom the rights of the Participant under the Option shall pass by the will of the Participant or the laws of descent and distribution for a period of 120 days after the date of death of the Participant or prior to the expiration of the option period in respect of the Option, whichever is sooner, and then only to the extent that such Participant was entitled to exercise the Option at the date of death of such Participant.
- (viii) TERMINATION OF EMPLOYMENT.
- A. Where, in the case of Key Employees, a Participant's employment is terminated by the Company or a Subsidiary for cause, no Option held by such Participant shall be exercisable from the Termination Date.
- B. Where, in the case of Key Employees, a Participant's employment is terminated by the Company or a Subsidiary without cause, by voluntary termination by the Participant or due to Retirement, subject to the applicable Award Agreement, any Option held by such Participant at such time shall remain exercisable in full at any time, and in part from time to time, for a period of 60 days after the Termination Date (subject to any longer period set out in the applicable Award Agreement, which period shall not, in any event, exceed 12 months from the Termination Date) or prior to the expiration of the option period in respect of the Option, whichever is sooner, and then only to the extent that such Participant was entitled to exercise the Option at the Termination Date.
- C. Where, in the case of Key Employees, a Participant becomes afflicted by a Disability, all Options granted to the Participant under this Plan will continue to vest in accordance with the terms of such Options. Where, in the case of Key Employees, a Participant's employment is terminated due to Disability, subject to the applicable Award Agreement, any Option held by such Participant shall remain exercisable for a period of 120 days after the Termination Date or prior to the expiration of the option period in respect of the Option, whichever is sooner, and then only to the extent that such Participant was entitled to exercise the Option at the Termination Date.
- (ix) CESSATION OF DIRECTORSHIP. Where, in the case of Directors, a Participant ceases to be a Director for any reason, subject to the applicable Award Agreement and the provisions below, any Option held by such Participant at such time shall remain exercisable in full at any time, and in part from time to time, for a period of 60 days after the date the Participant ceases to be a director or prior to the expiration of the Option in respect of the Option, whichever is sooner, and then only to the extent that such Participant was entitled to exercise the Option at the date the Participant ceased to be a director. Where, in the case of Directors, a Participant becomes afflicted by a Disability, all Options granted to the Participant under this Plan will continue to vest in accordance with the terms of such Options, provided that if a Participant ceases to be a Director due to Disability, subject to the applicable Award Agreement, any Option held by such Participant shall remain exercisable for a period of 120 days after the Participant ceases to be a Director or prior to the expiration of the option period in respect of the Option, whichever is sooner, and then only to the extent that such Participant was entitled to exercise the Option at the date the Participant ceased to be a director.
- (x) TERMINATION OF SERVICE. Where, in the case of Consultants, a Participant's service to the Company terminates for any reason, subject to the applicable Award Agreement and any other contractual commitments between the Participant and the Company, no

Option held by such Participant shall be exercisable from the date of termination of service.

(e) STOCK APPRECIATION RIGHTS

- (i) **ELIGIBILITY AND PARTICIPATION.** Subject to the provisions of this Plan and such other terms and conditions as the Board may determine, the Board may, from time to time, in its discretion, grant awards of stock appreciation rights ("**SARs**") to Directors, Key Employees, and Consultants, either on a stand-alone basis ("**SA Rights**") or in relation to any Option. SARs granted to a Participant shall be credited, as of the Grant Date, to the Participant's account. The number of SARs to be credited to each Participant shall be determined by the Board in its sole discretion in accordance with this Plan
- (ii) **SAR GRANT PRICE.** The exercise price of the SAR (the "**SAR Grant Price**") shall be determined by the Board at the time the SAR is granted. In no event shall the SAR Grant Price be lower than the lowest exercise price permitted by the Exchange. Where a SAR is granted in relation to an Option, it shall be a right in respect of the same number of Shares, and the SAR Grant Price shall be the same as the exercise price of the Option it is granted in relation to. The Board shall not reprice the SAR Grant Price of any SARs previously granted under this Plan, except in accordance with the rules and policies of the Exchange.
- (iii) **PAYMENT.**
  - A. Subject to the provisions hereof, a SAR is the right to receive a payment in Shares equal to the excess, if any, of:
    - i. the Current Market Price immediately prior to the date such SAR is exercised; *over*
    - ii. the SAR Grant Price,  
  
multiplied by the number of Shares in respect of which the SAR is being exercised (less any amount required to be withheld for taxes by applicable law) (the "**SAR Amount**").
  - B. For greater clarity, the actual number of Shares to be granted to the Participant pursuant to Paragraph A shall be equal to the aggregate SAR Amount divided by the Current Market Price.
  - C. Notwithstanding the foregoing, in the sole discretion of the Board, the Award Agreement may provide that the Company may elect to satisfy the exercise of a SAR (in whole or in part) by paying to the Participant cash in an amount equal to the SAR Amount in lieu of Shares.
- (iv) **TERMS OF SARs GRANTED IN CONNECTION WITH AN OPTION.** SARs may be granted in relation to an Option either at the time of the grant of the Option or by adding the SAR to an existing Option. SARs granted in relation to an Option shall be exercisable only at the same time, by the same persons and to the same extent, that the related Option is exercisable. Upon the exercise of any SAR related to an Option, the corresponding portion of the related Option shall be surrendered to the Corporation and cancelled, and upon the exercise of any Option which has an accompanying SAR, the corresponding portion of the related SAR shall be surrendered to the Corporation and cancelled.
- (v) **TERMS OF SARs GRANTED ON A STAND-ALONE BASIS.** SA Rights shall be granted on such terms as shall be determined by the Board and set out in the Award Agreement (including any terms pertaining to vesting and settlement), provided the term of any SAR granted under this Plan shall not exceed ten years.

- (vi) **EXERCISE.** The exercise of any SAR will be contingent upon receipt by the Company of a written notice of exercise in the manner and in the form set forth in the applicable Award Agreement, which written notice shall specify the number of Shares with respect to which the SAR is being exercised. If the Participant is to receive Shares, certificates for such Shares shall be issued and delivered to the Participant within a reasonable time following the receipt of such notice. Neither the Participant nor his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any Shares unless and until the certificates for the Shares issuable pursuant to SARs under this Plan are issued to such Participant under the terms of this Plan.
- (vii) **CHANGE OF CONTROL.** In the event of a Change of Control, each outstanding SAR issued to Directors and Key Employees, to the extent that it shall not otherwise have become vested and exercisable, and subject to the applicable Award Agreement, shall automatically become fully and immediately vested and exercisable, without regard to any otherwise applicable vesting requirement, but subject to the policies of the Exchange.
- (viii) **DEATH.** Where, in the case of Directors and Key Employees, a Participant shall die while holding a SAR, any SAR held by such Participant at the date of death shall be exercisable in whole or in part only by the person or persons to whom the rights of the Participant under the SAR shall pass by the will of the Participant or the laws of descent and distribution for a period of 120 days after the date of death of the Participant or prior to the expiration of the exercise period in respect of the SAR, whichever is sooner, and then only to the extent that such Participant was entitled to exercise the SAR at the date of death of such Participant.
- (ix) **TERMINATION OF EMPLOYMENT.**
  - A. Where, in the case of Key Employees, a Participant's employment is terminated by the Company or a Subsidiary for cause, no SAR held by such Participant shall be exercisable from the Termination Date.
  - B. Where, in the case of Key Employees, a Participant's employment is terminated by the Company or a Subsidiary without cause, by voluntary termination by the Participant or due to Retirement, subject to the applicable Award Agreement, any SAR held by such Participant at such time shall remain exercisable in full at any time, and in part from time to time, for a period of 60 days after the Termination Date or prior to the expiration of the exercise period in respect of the SAR, whichever is sooner, and then only to the extent that such Participant was entitled to exercise the SAR at the Termination Date.
  - C. Where, in the case of Key Employees, a Participant becomes afflicted by a Disability, all SARs granted to the Participant under this Plan will continue to vest in accordance with the terms of such SARs. Where, in the case of Key Employees, a Participant's employment is terminated due to Disability, subject to the applicable Award Agreement, any SAR held by such Participant shall remain exercisable for a period of 120 days after the Termination Date or prior to the expiration of the exercise period in respect of the SAR, whichever is sooner, and then only to the extent that such Participant was entitled to exercise the SAR at the Termination Date.
- (x) **CESSATION OF DIRECTORSHIP.** Where, in the case of Directors, a Participant ceases to be a Director for any reason, subject to the applicable Award Agreement and the provisions below, any SAR held by such Participant at such time shall remain exercisable in full at any time, and in part from time to time, for a period of 60 days after the date the Participant ceases to be a director or prior to the expiration of the exercise period in respect of the SAR, whichever is sooner, and then only to the extent that such Participant was entitled

to exercise the SAR at the date the Participant ceased to be a director. Where, in the case of Directors, a Participant becomes afflicted by a Disability, all SARs granted to the Participant under this Plan will continue to vest in accordance with the terms of such SARs, provided that if a Participant ceases to be a Director due to Disability, subject to the applicable Award Agreement, any SAR held by such Participant shall remain exercisable for a period of 120 days after the Participant ceases to be a Director or prior to the expiration of the exercise period in respect of the SAR, whichever is sooner, and then only to the extent that such Participant was entitled to exercise the SAR at the date the Participant ceased to be a director.

- (xi) TERMINATION OF SERVICE. Where, in the case of Consultants, a Participant's service to the Company terminates for any reason, subject to the applicable Award Agreement and any other contractual commitments between the Participant and the Company, no SAR held by such Participant shall be exercisable from the date of termination of service.

(f) GENERAL TERMS APPLICABLE TO AWARDS

- (i) FORFEITURE EVENTS. The Board will specify in an Award Agreement at the time of the Award that the Participant's rights, payments and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events shall include, but shall not be limited to, termination of employment for cause, violation of material Company policies, fraud, breach of noncompetition, confidentiality or other restrictive covenants that may apply to the Participant or other conduct by the Participant that is detrimental to the business or reputation of the Company.
- (ii) AWARDS MAY BE GRANTED SEPARATELY OR TOGETHER. Without limiting Section (5)(e), Awards may, in the discretion of the Board, be granted either alone or in addition to, in tandem with, or in substitution for any other Award or any award granted under any other Security-Based Compensation Arrangement of the Company or any Subsidiary. Awards granted in addition to or in tandem with other Awards, or in addition to or in tandem with awards granted under any other Security-Based Compensation Arrangement of the Company or any Subsidiary, may be granted either at the same time as or at a different time from the grant of such other Awards or awards.
- (iii) NON-TRANSFERABILITY OF AWARDS. Except as otherwise provided in an Award Agreement or determined by the Board in its sole discretion, no Award and no right under any such Award, shall be assignable, alienable, saleable, or transferable by a Participant otherwise than by will or by the laws of descent and distribution. No Award and no right under any such Award, may be pledged, alienated, attached, or otherwise encumbered, and any purported pledge, alienation, attachment, or encumbrance thereof shall be void and unenforceable against the Company.
- (iv) CONDITIONS AND RESTRICTIONS UPON SECURITIES SUBJECT TO AWARDS. The Board may provide that the Shares issued under an Award shall be subject to such further agreements, restrictions, conditions or limitations as the Board in its sole discretion may specify, including without limitation, conditions on vesting or transferability and forfeiture or repurchase provisions or provisions on payment of taxes arising in connection with an Award. Without limiting the foregoing, such restrictions may address the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any Shares issued under an Award, including without limitation: (A) restrictions under an insider trading policy or pursuant to applicable law; (B) restrictions designed to delay and/or coordinate the timing and manner of sales by Participant and holders of other Security-Based Compensation Arrangements; (C) restrictions as to the use of a specified brokerage firm for such resales or other transfers; and (D) provisions

requiring Shares to be sold on the open market or to the Company in order to satisfy tax withholding or other obligations.

- (v) **SHARE CERTIFICATES.** All Shares delivered under this Plan pursuant to any Award shall be subject to such stop transfer orders and other restrictions as the Board may deem advisable under this Plan or the rules, regulations, and other requirements of any securities commission, the Exchange, and any applicable securities legislation, regulations, rules, policies or orders, and the Board may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.
- (vi) **CONFORMITY TO PLAN.** In the event that an Award is granted which does not conform in all particulars with the provisions of this Plan, or purports to grant an Award on terms different from those set out in this Plan, the Award shall not be in any way void or invalidated, but the Award shall be adjusted by the Board to become, in all respects, in conformity with this Plan.

(g) **GENERAL TERMS APPLICABLE TO PERFORMANCE-BASED AWARDS**

- (i) **PERFORMANCE EVALUATION; ADJUSTMENT OF GOALS.** At the time that a Performance-Based Award is first issued, the Board, in the Award Agreement or in another written document, may specify whether performance will be evaluated including or excluding the effect of any of the following events that occur during the Performance Cycle or Restriction Period, as the case may be: (A) judgments entered or settlements reached in litigation; (B) the write down of assets; (C) the impact of any reorganization or restructuring; (D) the impact of changes in tax laws, accounting principles, regulatory actions or other laws affecting reported results; (E) extraordinary non-recurring items as may be described in the Company's management's discussion and analysis of financial condition and results of operations for the applicable financial year; (F) the impact of any mergers, acquisitions, spin-offs or other divestitures; and (G) foreign exchange gains and losses.
- (ii) **ADJUSTMENT OF PERFORMANCE-BASED AWARDS.** The Board shall have the sole discretion to adjust the determinations of the degree of attainment of the pre-established Performance Criteria or restrictions, as the case may be, as may be set out in the applicable Award Agreement governing the relevant Performance-Based Award. Notwithstanding any provision herein to the contrary, the Board may not make any adjustment or take any other action with respect to any Performance-Based Award that will increase the amount payable under any such Award. The Board shall retain the sole discretion to adjust Performance-Based Awards downward or to otherwise reduce the amount payable with respect to any Performance-Based Award.

**SECTION 6. AMENDMENT AND TERMINATION**

- (a) **AMENDMENTS AND TERMINATION OF THIS PLAN.** The Board may at any time or from time to time, in its sole and absolute discretion and without the approval of shareholders of the Company, amend, suspend, terminate or discontinue this Plan and may amend the terms and conditions of any Awards granted hereunder, subject to (a) any required approval of any applicable regulatory authority or the Exchange, and (b) any approval of shareholders of the Company as required by the rules of the Exchange or applicable law, provided that shareholder approval shall not be required for the following amendments and the Board may make any changes which may include but are not limited to:
  - (i) amendments of a "housekeeping nature";
  - (ii) any amendment for the purpose of curing any ambiguity, error or omission in this Plan or to correct or supplement any provision of this Plan that is inconsistent with any other provision of this Plan;

- (iii) an amendment which is necessary to comply with applicable law or the requirements of the Exchange;
- (iv) amendments respecting administration and eligibility for participation under this Plan;
- (v) changes to the terms and conditions on which Awards may be or have been granted pursuant to this Plan including changes to the vesting provisions and terms of any Awards;
- (vi) any amendment which alters, extends or accelerates the terms of vesting applicable to any Award; and
- (vii) changes to the termination provisions of an Award or this Plan which do not entail an extension beyond the original fixed term.

If this Plan is terminated, prior Awards shall remain outstanding and in effect in accordance with their applicable terms and conditions.

- (b) **AMENDMENTS TO AWARDS.** The Board may waive any conditions or rights under, amend any terms of, or amend, alter, suspend, discontinue, or terminate, any Awards theretofore granted, prospectively or retroactively. No such amendment or alteration shall be made which would impair the rights of any Participant, without such Participant's consent, under any Award theretofore granted, provided that no such consent shall be required with respect to any amendment or alteration if the Board determines in its sole discretion that such amendment or alteration either (i) is required or advisable in order for the Company, this Plan or the Award to satisfy or conform to any law or regulation or to meet the requirements of any accounting standard, or (ii) is not reasonably likely to significantly diminish the benefits provided under such Award.

## **SECTION 7. GENERAL PROVISIONS**

- (a) **NO RIGHTS TO AWARDS.** No Director, Key Employee, Consultant or other Person shall have any claim to be granted any Award under this Plan, or, having been selected to receive an Award under this Plan, to be selected to receive a future Award, and further there is no obligation for uniformity of treatment of Directors, Key Employees, Consultant or holders or beneficiaries of Awards under this Plan. The terms and conditions of Awards need not be the same with respect to each recipient.
- (b) **WITHHOLDING.** The Company shall be authorized to withhold from any Award granted or any payment due or transfer made under any Award or under this Plan the amount (in cash, Shares, other securities, or other Awards) of withholding taxes due in respect of an Award, its exercise, or any payment or transfer under such Award or under this Plan and to take such other action as may be necessary in the opinion of the Company to satisfy statutory withholding obligations for the payment of such taxes. Without in any way limiting the generality of the foregoing, whenever cash is to be paid on the redemption, exercise or vesting of an Award, the Company shall have the right to deduct from all cash payments made to a Participant any taxes required by law to be withheld with respect to such payments. Whenever Shares are to be delivered on the redemption, exercise or vesting of an Award, the Company shall have the right to deduct from any other amounts payable to the Participant any taxes required by law to be withheld with respect to such delivery of Shares, or if any payment due to the Participant is not sufficient to satisfy the withholding obligation, to require the Participant to remit to the Company in cash an amount sufficient to satisfy any taxes required by law to be withheld. At the sole discretion of the Board, a Participant may be permitted to satisfy the foregoing requirement by:
  - (i) electing to have the Company withhold from delivery Shares having a value equal to the amount of tax required to be withheld, or
  - (ii) delivering (on a form prescribed by the Company) an irrevocable direction to a securities broker approved by the Company to sell all or a portion of the Shares and to deliver to



the Company from the sales proceeds an amount sufficient to pay the required withholding taxes.

- (c) **NO LIMIT ON OTHER SECURITY-BASED COMPENSATION ARRANGEMENTS.** Nothing contained in this Plan shall prevent the Company or a Subsidiary from adopting or continuing in effect other Security-Based Compensation Arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.
- (d) **NO RIGHT TO EMPLOYMENT.** The grant of an Award shall not constitute an employment contract nor be construed as giving a Participant the right to be retained in the employ of the Company. Further, the Company may at any time dismiss a Participant from employment, free from any liability, or any claim under this Plan, unless otherwise expressly provided in this Plan or in any Award Agreement.
- (e) **NO RIGHT AS SHAREHOLDER.** Neither the Participant nor any representatives of a Participant's estate shall have any rights whatsoever as shareholders in respect of any Shares covered by such Participant's Award, until the date of issuance of a share certificate to such Participant or representatives of a Participant's estate for such Shares.
- (f) **GOVERNING LAW.** This Plan and all of the rights and obligations arising herefrom shall be interpreted and applied in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
- (g) **SEVERABILITY.** If any provision of this Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, or as to any Person or Award, or would disqualify this Plan or any Award under any law deemed applicable by the Board, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Board, materially altering the intent of this Plan or the Award, such provision shall be stricken as to such jurisdiction, Person, or Award, and the remainder of this Plan and any such Award shall remain in full force and effect.
- (h) **NO TRUST OR FUND CREATED.** Neither this Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company pursuant to an Award, such right shall be no greater than the right of any unsecured creditor of the Company.
- (i) **NO FRACTIONAL SHARES.** No fractional Shares shall be issued or delivered pursuant to this Plan or any Award, and the Board shall determine whether cash, or other securities shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be cancelled, terminated, or otherwise eliminated.
- (j) **HEADINGS.** Headings are given to the Sections and subsections of this Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Plan or any provision thereof.
- (k) **NO REPRESENTATION OR WARRANTY.** The Company makes no representation or warranty as to the value of any Award granted pursuant to this Plan or as to the future value of any Shares issued pursuant to any Award.
- (l) **NO REPRESENTATIONS OR COVENANTS WITH RESPECT TO TAX QUALIFICATION.** Although the Company may, in its discretion, endeavor to (i) qualify an Award for favourable tax treatment or (ii) avoid adverse tax treatment, the Company makes no representation to that effect and expressly disavows any covenant to maintain favorable or avoid unfavorable tax treatment. The Company shall be unconstrained in its corporate activities without regard to the potential negative tax impact on holders of Awards under this Plan.

- (m) CONFLICT WITH AWARD AGREEMENT. In the event of any inconsistency or conflict between the provisions of this Plan and an Award Agreement, the provisions of this Plan shall govern for all purposes.
- (n) COMPLIANCE WITH LAWS. The granting of Awards and the issuance of Shares under this Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or stock exchanges on which the Company is listed as may be required. The Company shall have no obligation to issue or deliver evidence of title for Shares issued under this Plan prior to:
  - (i) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and
  - (ii) completion of any registration or other qualification of the Shares under any applicable national or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable or at a time when any such registration or qualification is not current, has been suspended or otherwise has ceased to be effective.

The inability or impracticability of the Company to obtain or maintain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

#### **SECTION 8. EFFECTIVE DATE OF THIS PLAN**

This Plan shall become effective (the "Effective Date") upon the date of approval by the Board, provided that any Awards granted hereunder, shall be subject to approval of this Plan by the shareholders of the Company given by affirmative vote of the majority of the Shares represented at the meeting of the shareholders of the Company at which motion to approve the Plan is presented.

#### **SECTION 9. TERM OF THIS PLAN**

This Plan shall terminate automatically 10 years after the Effective Date, provided that this Plan may be terminated on any earlier date as provided in Section 6 hereof, or if any approvals required by the Exchange are not obtained on the terms and conditions required thereby.

## SCHEDULE "C"

### Types of Awards Under the LTIP

Restricted Share Units (RSUs): The LTIP provides that the Board may, from time to time, in its sole discretion, grant awards of RSUs to directors, key employees and consultants. Each RSU shall represent one Common Share on vesting and shall be subject to such restrictions as the Board may establish in the applicable award agreement. The typical restriction for RSUs is time based (i.e. vesting after a fixed period of time). All RSUs will vest and become payable by the issuance of Common Shares at the end of the applicable restriction period if all applicable restrictions have lapsed.

Restrictions on any RSUs shall lapse immediately and become fully vested to the participant upon a change of control. Upon the death of a participant, subject to the applicable award agreement, any RSUs that have not vested will be immediately forfeited and cancelled without payment, provided that any RSUs granted to such participant that had vested prior to the participant's death will accrue to the participant's estate in accordance with the LTIP. If a participant's employment is terminated for cause, any RSUs granted to the participant will immediately terminate without payment and be cancelled as of the termination date.

If a participant's employment is terminated without cause, is voluntarily terminated by the participant or termination is due to the participant's retirement or disability, any RSUs granted to the participant will, subject to the applicable award agreement, immediately terminate without payment and be cancelled as of the termination date, provided, however, that any RSUs granted to such participant that had vested prior to the participant's termination without cause, voluntary termination, retirement or disability will accrue to the participant in accordance with the LTIP.

In the case of directors, if a participant ceases to be a director for any reason, all RSUs granted to such participant will immediately terminate without payment and be cancelled, provided, however, that any RSUs granted to such participant that had vested prior to the participant ceasing to be a director will accrue to the participant in accordance with the LTIP. Where a consultant's service to the Company terminates for any reason, subject to the applicable award agreement and any other contractual commitments between the participant and the Company, all RSUs granted to such participant will immediately terminate without payment and be cancelled, provided, however, that any RSUs granted to such participant that had vested prior to the termination of the participant's service to the Company will accrue to the participant in accordance with the LTIP.

Performance Share Units ("PSUs"): The LTIP provides that the Board may, from time to time, in its sole discretion, grant awards of PSUs to key employees and consultants. Each PSU shall, contingent upon the attainment of the performance criteria within the applicable performance cycle, represent one Common Share, unless otherwise specified in the applicable award agreement. The performance criteria will be established by the Board which, without limitation, may include criteria based on the participant's individual performance and/or financial performance of the Company and its subsidiaries. Typical performance criteria could include gross revenues, EBITDA, share price performance or the attainment of a specified amount of financing. The applicable award agreement may provide the Board with the right to revise the performance criteria during a performance cycle or after it has ended, if unforeseen events occur, including, without limitation, changes in capitalization, equity restructuring, acquisitions or divestitures, if such events have a substantial effect on the financial results of the Company and make the application of the performance criteria unfair absent a revision.

All PSUs will vest and become payable to the extent that the performance criteria are satisfied in the sole determination of the Board. PSUs granted to a participant shall become fully vested and payable to such participant within 95 days after the last day of the performance cycle or upon a change of control. Upon the death of a participant, subject to the applicable award agreement, all PSUs granted to the participant which, prior to the participant's death, had not vested, will immediately be forfeited and cancelled without payment, provided, however, that the Board may determine, in its discretion, the number of the participant's PSUs that will vest based upon the extent to which the applicable performance criteria have been satisfied in that portion of the performance cycle that has lapsed.

If a participant's employment is terminated for cause, any PSUs granted to the participant will immediately terminate without payment and be cancelled as of the termination date. If a participant's employment is terminated without

cause, by voluntary termination, or if the participant's employment terminates due to retirement or disability, all PSUs granted to the participant which, prior to such termination without cause, voluntary termination, retirement or disability, had not vested, will immediately be forfeited and cancelled without payment, provided, however, that the Board may determine, in its discretion, the number of the participant's PSUs that will vest based upon the extent to which the applicable performance criteria have been satisfied in that portion of the performance cycle that has lapsed. Where a consultant's service to the Company terminates for any reason, subject to the applicable award agreement and any other contractual commitments between the participant and the Company, all PSUs granted to such participant will immediately be forfeited and cancelled without payment, provided, however, that the Board may determine, in its discretion, the number of the participant's PSUs that will vest based upon the extent to which the applicable performance criteria have been satisfied in that portion of the performance cycle that has lapsed.

Deferred Share Units ("DSUs"): The LTIP provides that the Board may, from time to time, in its sole discretion, grant awards of DSUs to directors in lieu of director fees (but not to key employees or consultants). Directors become participants effective as of the date each is first appointed or elected as a director and cease to be participants at the time they cease to be a director for any reason. The number of DSUs to be granted to a participant shall be calculated by dividing the amount of fees selected by the director by the market price on the grant date. The market price is defined in the LTIP as the five-day weighted average closing price of the Company's Common Shares on the immediately preceding five trading days prior to the grant date.

Each participant shall be entitled to receive, subsequent to the effective date that the participant ceases to be a director for any reason or any earlier vesting period(s) set forth in the applicable award agreement, either (a) that number of Common Shares equal to the number of DSUs granted to such participant, or (b) a cash payment in an amount equal to the market price of the DSUs granted to such participant on the trading day following the day that the participant ceases to be a director, net of applicable withholdings, and subject to adjustments if the value of a DSU is determined during applicable black-out periods. Upon the death of a participant, such participant's estate shall be entitled to receive, within 120 days, a cash payment or Common Shares that would otherwise have been payable upon such participant ceasing to be a director.

Stock Options ("Options" or "Stock Options"): The LTIP provides that the Board may, from time to time, in its discretion, grant awards of Options to directors, key employees and consultants. The number of Options to be granted, the exercise price and the time(s) at which an Option may be exercised shall be determined by the Board in its sole discretion, provided that the exercise price of Options shall not be lower than the exercise price permitted by the Exchange, and further provided that the term of any Option shall not exceed ten years.

In the event of a change of control, each outstanding Option issued to directors and key employees shall automatically become fully and immediately vested and exercisable, subject to the policies of the Exchange. Where, in the case of directors and key employees, a participant shall die while an Optionee, any Option held by such participant shall be exercisable by the person(s) to whom the rights of the participant under the option shall pass by will or the laws of descent and distribution for a period of 120 days or prior to the expiration of the Option period in respect of the Option, whichever is sooner, and then only to the extent that such participant was entitled to exercise the Option at the date of death of such participant. Where the employment of a key employee is terminated for cause, no Option held shall be exercisable from the termination date. In the event that the employment of a key employee is terminated without cause, by voluntary termination or due to retirement or, in the case of directors, the participant ceases to be a director for any reason, subject to the applicable award agreement, any Option held shall remain exercisable in full for a period of 60 days after the termination or cessation date (subject to any longer period set out in an applicable award agreement, which longer period may not exceed twelve (12) months from such termination or cessation date) or prior to the expiration of the Option period in respect of the Option, whichever is sooner, and then only to the extent that such participant was entitled to exercise the Option at such time. If a director or key employee becomes afflicted by a disability, all Options granted to the participant will continue to vest in accordance with the terms of such Options, provided that if, in the case of key employees, a participant's employment is terminated due to disability, or in the case of directors, the participant ceases to be a director as a result of disability, subject to the applicable award agreement, any Option held by such participant shall remain exercisable for a period of 120 days after the termination or cessation date or prior to the expiration of the Option period in respect of the Option, whichever is sooner, and then only to the extent that such participant was entitled to exercise the Option at such time. Where a consultant's service to the Company terminates for any reason, subject to the applicable award agreement and any other contractual commitments between the participant and the Company, no Option held by such participant shall be exercisable from the date of termination of service.

Stock Appreciation Rights ("SARs"): The LTIP provides that the Board may, from time to time, in its discretion, grant awards of SARs to directors, key employees and consultants, either on a stand-alone basis or in relation to any Options. SARs are awards that entitle the participant to receive an amount (the "SAR Amount") equal to the excess, if any, of the current market price on the exercise date over the exercise price of the SAR (the "SAR Grant Price"), multiplied by the number of Common Shares in respect of which the SAR is being exercised. The current market price is defined in the LTIP as the last closing price of the Company's Common Shares on the immediately preceding trading day prior to the relevant exercise date. The SAR Amount is payable in Common Shares in an amount equal to the SAR Amount divided by the current market price, provided that the applicable award agreement may provide that the Company may alternatively satisfy the SAR Amount by paying to the participant cash in an amount equal to the SAR Amount. The number of SARs to be granted, the SAR Grant Price and the time(s) at which a SAR may be exercised shall be determined by the Board and set out in an award agreement, provided that the SAR Grant Price shall not be lower than the exercise price permitted by the Exchange and further provided that the term of any SAR shall not exceed ten years. The terms of, and SAR Grant Price of, any SAR granted in relation to an Option shall be the same as the terms and exercise price of the Option it is granted in relation to.

In the event of a change of control, each outstanding SAR issued to directors and key employees shall automatically become fully and immediately vested and exercisable, subject to the policies of the Exchange. Where, in the case of directors and key employees, a participant shall die while holding a SAR, any SAR held by such participant shall be exercisable by the person(s) to whom the rights of the participant under the SAR shall pass by will or the laws of descent and distribution for a period of 120 days or prior to the expiration of the exercise period in respect of the SAR, whichever is sooner, and then only to the extent that such participant was entitled to exercise the SAR at the date of death of such participant.

Where the employment of a key employee is terminated for cause, no SAR held shall be exercisable from the termination date. In the event that the employment of a key employee is terminated without cause, by voluntary termination or due to retirement or, in the case of directors, the participant ceases to be a director for any reason, subject to the applicable award agreement, any SAR held shall remain exercisable in full for a period of 60 days after the termination or cessation date or prior to the expiration of the exercise period in respect of the SAR, whichever is sooner, and then only to the extent that such participant was entitled to exercise the SAR at such time. If a director or key employee becomes afflicted by a disability, all SARs granted to the participant will continue to vest in accordance with the terms of such SARs, provided that if, in the case of key employees, a participant's employment is terminated due to disability, or in the case of directors, the participant ceases to be a director as a result of disability, subject to the applicable award agreement, any SAR held by such participant shall remain exercisable for a period of 120 days after the termination or cessation date or prior to the expiration of the exercise period in respect of the SAR, whichever is sooner, and then only to the extent that such participant was entitled to exercise the SAR at such time. Where a consultant's service to the Company terminates for any reason, subject to the applicable award agreement and any other contractual commitments between the participant and the Company, no SAR held by such participant shall be exercisable from the date of termination of service.